

Official Polish union wins pay rise after strike

By CHRISTOPHER BOBINSKI in Warsaw
POLISH authorities yesterday faced up to a new challenge in their struggle to keep wages from outstripping rising prices...

Karen Fosli in Oslo examines mounting speculation over Norway's largest company

Oslo studies Statoil's future

SPECULATION is mounting over a proposition to be put forward to the Storting (Norwegian parliament) which will consider a major reorganisation of Statoil...

Decontamination attacked by local Communist Party

BY QUENTIN FEEL IN MOSCOW

THE huge effort launched by the Soviet Union to decontaminate the area affected by the Chernobyl nuclear disaster two years ago has come in for savage public criticism from local Communist Party officials...

New look for Novoli sparks lively debate

A PRESS conference to present definitive plans for a new development at Novoli, northwest of Florence, took an unexpected turn last week as the presentation moved into a lively discussion on the aims and functions of modern architecture...

Row erupts between Turkey and Greece

A DIPLOMATIC row between Greek and Turkish officials over Cyprus led yesterday to the cancellation of a European Community meeting...

Hungary lays bare Soviet relations

BY LESLIE COLITT IN BERLIN
THE HUNGARIAN Prime Minister, Mr Karoly Grosz, has given a remarkably frank account of his country's commercial relations with the Soviet Union...

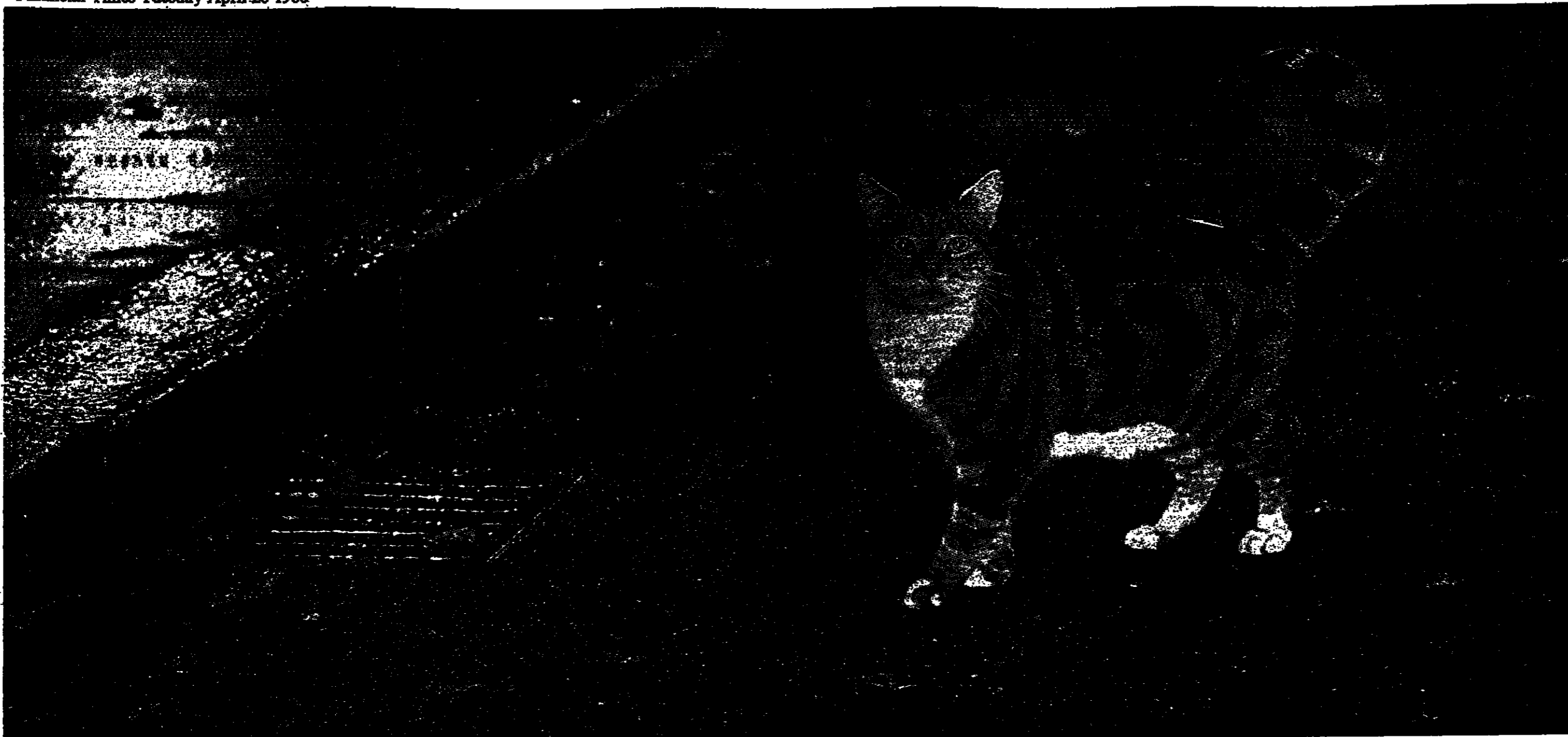
Settlement in Austrian legal battle

LEGAL battle between outgoing Socialist Party Chairman and journalist Kurt Waldheim over President Karl Waldheim's wartime past ended yesterday with a settlement that acknowledged the newspaper's right to publish...



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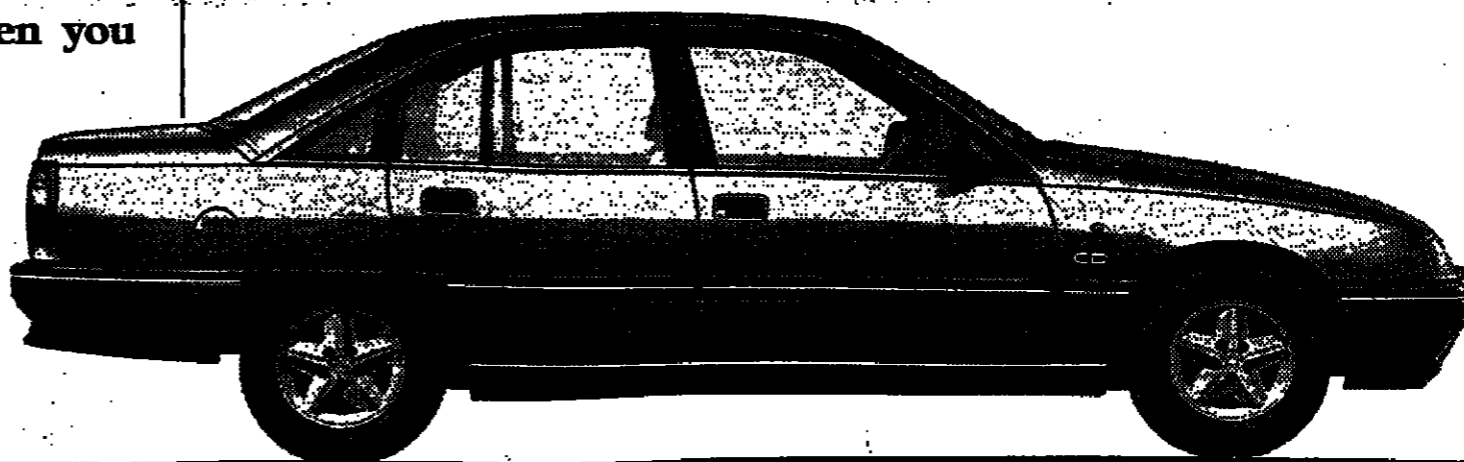
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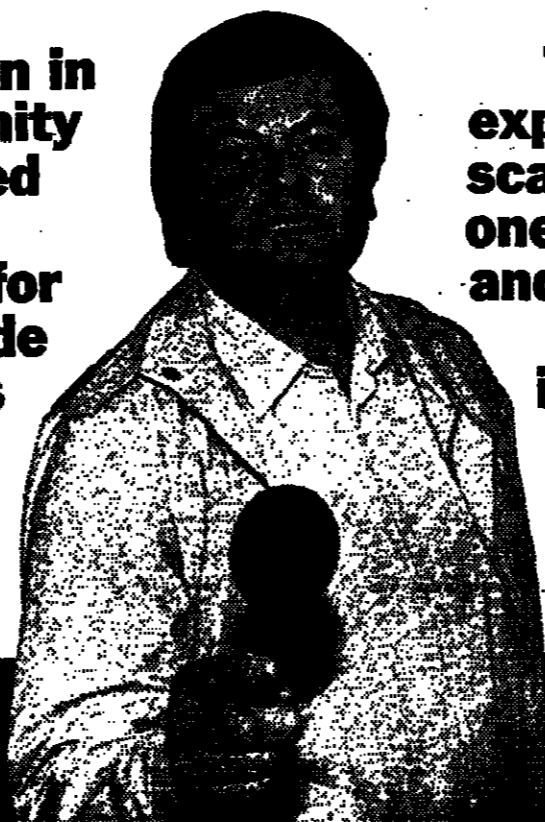
Right set
to win
Manitoba
election



IT'S NOT ONLY COFFEE BRAZIL IS EXPORTING THESE DAYS.

So many babies are stolen in Brazil that some maternity hospitals now employ armed guards.

These babies are sold for up to £15,000 by baby-trade gangs, usually to childless couples from the West, including Britain.



Tonight on ITV, Roger Cook exposes the babies-for-sale scandal, following the story of one baby which was stolen at birth and trafficked to Israel.

Once again, Britain's leading investigative journalist has unearthed evidence of a major, worldwide scandal.

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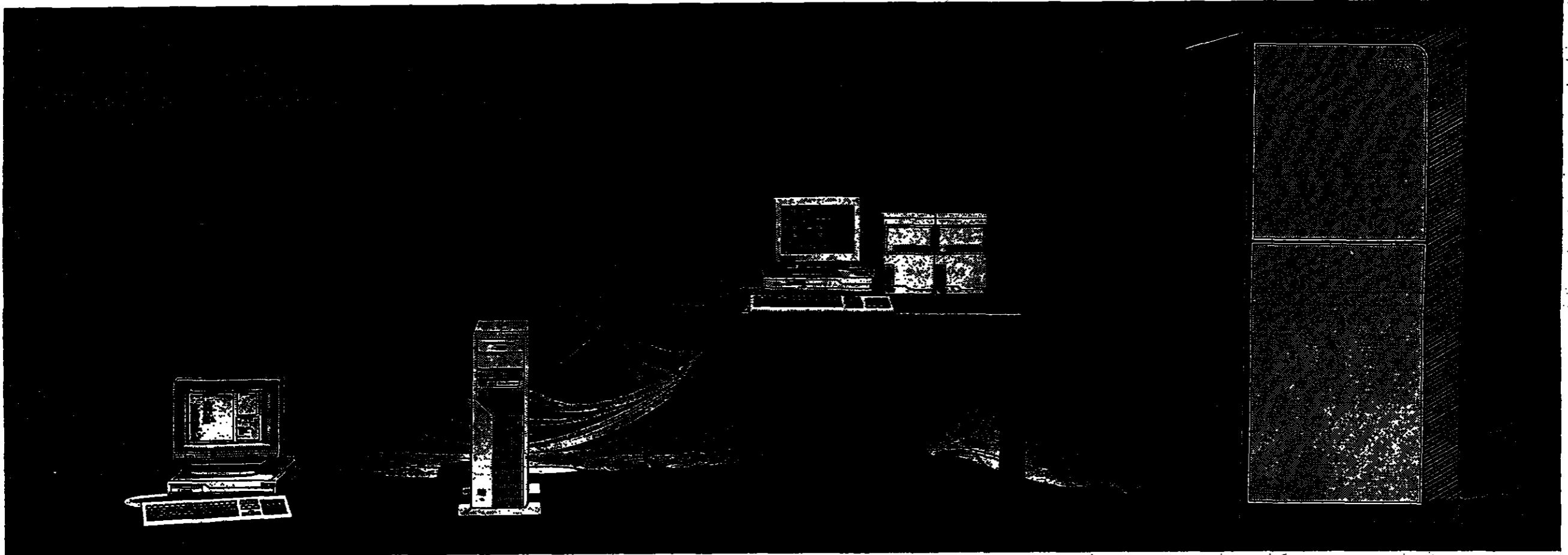
CENTRAL

THE COOK REPORT.

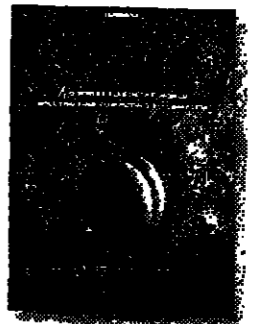
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WORLD TRADE NEWS

Japan considers steps to curb knitwear imports

BY CARLA RAPOPORT IN TOKYO

JAPAN is considering measures to curb soaring Asian knitwear imports, in what would amount to a stark reversal of its trade role of recent years.

Imports of sweaters and knitted shirts into Japan jumped by 62 per cent last year to 244m units, mainly because of the strength of the yen. In the first two months of this year imports of knitted shirts alone jumped by 78 per cent.

Japan's official stance has been to boost imports in recent years to help reduce the country's huge trade surplus.

But officials at the Ministry for International Trade and Industry said yesterday that imports of knitwear from South Korea, China, Taiwan and Hong Kong have been growing too quickly in recent months. This is disrupting the domestic market and damaging domestic companies.

Their views sound surprisingly similar to those of US and European officials, who have long complained about alleged dumping and excessive exporting by the Japanese.

Mr Takashi Sato, Japan's Agriculture Minister, has to Washington today in a last-ditch bid to solve a row over Japan's curbs on beef and orange imports, Reuter reports from Tokyo.

Mr Sato will try to persuade the US not to take the dispute to the General Agreement on Tariffs and Trade. Officials declined to say what would happen, if any, Mr Sato might make. But press reports speculated that Japan might agree to open its market fully to beef imports in three years and oranges in five.

Japan's knitwear row is an example of how fast Japan is changing - import growth of finished products suddenly climbing out of control would have been almost unthinkable in Japan a few years ago.

Knitwear industry leaders and members of the ruling Liberal Democratic Party are pressing

Miti to bring the issue to the Multi-Fibre Arrangement, an agreement under Gatt which provides a framework for regulating trade in textiles.

In talks with trade officials from South Korea and China this week, Miti will ask for voluntary export restraints from those countries.

"We don't think voluntary restraints will be enough," insisted Mr Motoe Moriya, executive director of the Japan Knitting Industry Association, yesterday. "Invoking the MFA will be necessary."

If requests for voluntary restraints fail, Japan is considering two separate kinds of action. Japan's knitwear industry says it may launch anti-dumping suits against the South Koreans or Chinese, the first such protectionist moves against the imports of finished goods by the Japanese.

At the same time, Miti may decide to take the issue to the MFA or seek official export quotas on a bilateral basis.

Carla Rapoport on a ticklish price cartel dispute involving the EC Japan faces sanctions over chips

OFFICIALS AT THE Ministry for International Trade and Industry (MITI) are working even longer hours than usual this week as they try to extricate Japan from one of its most ticklish trade disputes in recent memory.

The problem is the 1988 US-Japan semiconductor trade pact. A recent ruling by the General Agreement on Tariffs and Trade (Gatt) rendered the pact illegal under international trade laws. The European Commission, which sought the Gatt ruling, believes the pact amounts to a price cartel. If Japan does not meet the Gatt deadline of May 4 for revising or abandoning the pact, it faces sanctions from Brussels.

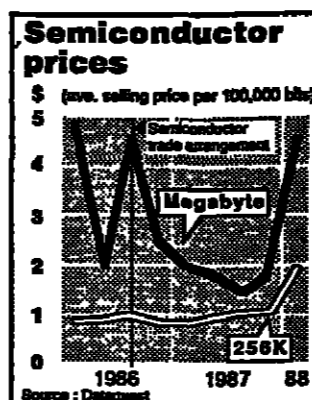
In fact, Japan would like nothing better than to abandon the chip pact. The pact was negotiated under the threat of anti-dumping duties by the Americans, who aimed to stop the dumping of Japanese chips in the US and increase market share of foreign chips in Japan. The Europeans say, however, that the pact's subsequent mechanism which was introduced to stop dumping - under the name of price monitoring - unfairly raised the prices of Japanese chips for European users.

Thus, even though Japan did not want the pact, it is stuck with the unpleasant task of defending it. "We are squeezed between the two giants. Both have different ideas," said a government official in Tokyo yesterday.

Two further ironies make Japan's position even more uncomfortable. First, it claims to have stopped price monitoring last year. Second, both the US and Japan agree that dumping of chips has been successfully halted.

Japan says it abandoned price monitoring last November, when it no longer linked approval of a company's export licences to its cost and price data. The Gatt decision states, however, that this change did not satisfy the panel. Miti still collects product cost and export price data from Japanese companies and this alone is in contravention of Article XI of the Gatt code, it said.

The US, for its part, has said that compliance with the Gatt decision is up to Japan. The Americans are not interested in how Japan stops and prevents dumping, they are only interested in results. Even though they agree that dumping for the time being, has stopped, negotia-



tors have firmly told the Japanese that they are against the abandonment of the chip pact.

"There are no measures which satisfy both sides," said a government official close to the dispute, who asked not to be named. Europe is asking for total abandonment of the trade pact, while the US believes that one or two things can be changed to satisfy Gatt, he said.

The Japanese believe that some further modification of what they admit is "soft monitoring" could be fashioned in order to both sat-

US takes EC soybean dispute to Gatt

By William Dufforce in Geneva

THE US is taking its dispute with the European Community over soybeans to the General Agreement on Tariffs and Trade.

It will ask the Gatt council on May 4 to set up a panel to investigate EC subsidies on soybeans and other oilseeds, which US producers claim have badly damaged their exports to Europe.

The latest agricultural trade conflict between the US and the EC was sparked off in January, when the American Soybean Association (ASA) filed a petition under Section 301 of the Trade Act, charging the EC with unfair trade practices.

EC policies had since been the subject of lengthy bilateral consultations which had produced no satisfactory settlement, the US said in its request to Gatt.

The ASA claims that US soybean exports to the EC have been cut in value from \$3.7bn a year five years ago to \$2bn last year as a result of the Community's oilseeds programme.

Under this, ASA said, European oilseed processors were forced to pay the equivalent of \$800 a tonne to European soybean farmers.

Compensating subsidies enabled them to earn higher profits from processing European rather than imported soybeans.

In its request for a disputes panel, the US claims that the EC oilseed and animal feed proteins regime contravenes Gatt by giving processors subsidies on EC-produced products that are not provided for imports.

Brussels has argued that the fall in US exports is due less to EC subsidies, which have long existed, than to measures it has taken to restrict beef and dairy production.

The soybean dispute has been inflamed by parallel US charges that the EC has not followed through on last year's settlement under which it agreed to compensate US exporters for lost grain sales to Spain, following its accession to the Community.

US-Soviet trade 'could soar'

BY NANCY DUNNE IN WASHINGTON

TRADE between the US and Soviet Union could rise from \$1bn to \$15bn (\$3.3bn) a year providing there is a "true political rapprochement" between the superpowers, according to the president of the US-USSR Trade and Economic Council.

In testimony before a House sub-committee, Mr James Giffen, chairman of Mercator Corporation and president of the private Council, urged adoption by the US of an active long-term policy using expansion of trade and economic relations as "a carrot to influence attitudes on other inter-related issues rather than primarily as a stick."

The Congressional hearing on US-Soviet trade follows a visit to Moscow by hundreds of American businessmen, led by Mr William Verity, Commerce Secretary, and a long-time advocate of increased US-Soviet trade. In the growing trade detente, three US companies have announced agreements on joint ventures with the Soviet Union.

The most recent joint venture pact was announced two weeks ago by Honeywell of Minneapolis,

which has negotiated a deal to automate Soviet fertiliser plants.

At least 50 US companies have formal proposals pending for joint ventures, and 14 of those are said to be nearing completion.

The subcommittee also heard concerns about the trade expansion, particularly about the establishment of a US-Soviet energy working group.

Mr Roger Robinson, a former National Security Council official, warned that the Interna-

tional Energy Agency agreement signed by the US and its allies in May 1985 "could be eroded by the confusing signal this development sends abroad."

As part of that accord, the Western governments agreed to limit their purchases of Soviet gas and to work closely with Norway to develop alternative gas supplies.

Although the accelerated development of Norwegian supplies is on track, Mr Robinson said, the project remains vulnerable to an expansion of Soviet gas exports and predatory pricing practices.

Mr Robinson also raised doubts about heavy Soviet borrowing of untied funds from Western banks and called on allied governments to require greater discipline and transparency from the banks.

In other testimony, Mr Edgar Ravinman, president of the World Jewish Congress, recommended continuing in the short term US trade and credit restrictions until the Soviet Union "behaves like a member of the club."

"I hope that in the not too distant future... I could recommend otherwise," he said.

US electronics company to set up in Malaysia

By Wong Sulong in Kuala Lumpur

AVNET, a leading New York-based electronic component distributor, is to transfer its international manufacturing operations from Taiwan to Malaysia, because of the sharp appreciation of the Taiwanese dollar and rising wage costs.

The company is building a factory in Johore State, near Singapore, and production is expected to start in another two months.

When in full production next year, the factory will be producing 3m turntables annually, as well as compact disc players, desktop computers, and integrated receiver decoders.

Total annual sales are expected to exceed \$100m (\$38m). The plant will employ 2,000 people.

Mr. Leon Machis, Avnet president and chief operating officer, said total investments in Malaysia could be about \$20m-\$25m over five years.

Hammer signs China contracts

BY ROBERT THOMSON IN PEKING

DR ARMAND HAMMER, the Occidental Petroleum chief, signed two co-operation contracts with Chinese corporations yesterday, despite continuing problems with his largest China project, a \$750m (\$416m) joint-venture coal mine in the northern province of Shanxi.

The new projects are a coal preparation plant in the central province of Henan, and a licensing agreement for the use of Occidental-patented technology for the production of phosphoric acid.

Occidental officials did not reveal the value of the two projects, though a Chinese official said the preparation plant venture would have a total capital of Yuan 18.5m (\$2.7m).

Occidental will have a 55 per cent share of a joint-venture company, which itself has a 50 per cent share of the coal project, while a state-run coking plant has the remaining 40 per cent. The 25-year joint venture will process 500,000 tonnes of raw coal for domestic consumption, and another 400,000 tonnes for export.

However, export plans for the



Armand Hammer: confident

"ifly question", though he characterised the joint venture's difficulties as "start-up problems" - some of which had been solved.

The first coal was shipped from the mine in June last year, but problems on site have undermined Occidental's goal of tapping the lucrative Asian markets.

China and South Korea do not have diplomatic relations and direct trade is, officially at least, banned, but Dr Hammer is confident that trade relations between the two countries will improve significantly after the Olympic games late this year in Seoul.

Dr Hammer predicted that the world price of coal would rise with the price of oil in coming years, but he said the joint venture would show a profit even if prices did not increase substantially in coming years.

Dr Hammer told a US Chamber of Commerce meeting in Peking yesterday that he is "so bullish on our China prospects" that negotiations have begun for two further phases of the mine project, which would increase total production to 45m tonnes of raw coal a year.



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SOUTH WALES EAST WALES

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FT LAW REPORTS

Conspiracy claim can go ahead

METALL UND ROHSTOFF AG v DONALDSON LUFKIN & JENRETTE INC AND ANOTHER

Queen's Bench Division (Commercial Court): Mr Justice Gathouse; March 23 1988

PREDOMINANT purpose to injure the plaintiff is not an essential ingredient of civil conspiracy...

Mr Justice Gathouse so held when refusing to set aside leave obtained by Metall and Rohstoff AG to serve proceedings out of the jurisdiction on Donaldson Lufkin & Jenrette Inc...

The main breaches were that AML entered into financing transactions with Metall under which it lent Metall \$31.5m against the security of metal warrants...

In an action by Metall against AML Mr Justice Hobhouse gave judgment against AML for over \$50m. Metall recovered only \$2.7m. AML was now in liquidation.

With that curious feature in mind Lord Diplock described it as an "anomalous tort".

Metall sought remedies against the parent companies, DLJ and ACLI, to recover its unmet damages and costs.

On May 19 1987 Mr Justice Staughton gave Metall leave to serve proceedings out of the jurisdiction. Both defendants now applied to set aside that order.

The case was concerned with Order 11 rule(1)(b) - "the claim is founded on a tort and the damage was sustained or resulted from an act committed within the jurisdiction".

The new rule was wider. The action had to be founded on a tort as before, but it was sufficient if the plaintiff established either that the consequential damage was sustained within the jurisdiction, or that the damage resulted from an act within the jurisdiction.

It was now enough for him to show that the damage-causing act was committed within the jurisdiction.

In February 1983 AML, to protect its seriously exposed position on the miscellaneous accounts, falsely asserted they were Metall's responsibility.

Metall entered into financing transactions with Metall under which it lent Metall \$31.5m against the security of metal warrants, but seized the warrants for its own use.

not concerned with other types of civil conspiracy. It was therefore only in the "anomalous" type of conspiracy, where the damage-causing act would not be tortious if committed by one person alone, that a combination to commit the act might make those so combining liable.

It would then do so only if the plaintiff alleged and proved that the conspirators' sole or predominant purpose was to injure his commercial interests, not to advance their own interests.

Lorho confined the anomalous tort of conspiracy to its established field, which required proof of predominant purpose to injure the plaintiff. It would be most surprising if the House of Lords had intended to alter radically the nature of all those long-recognised types of conspiracy known as "illegal means" conspiracies.

The extent to which DLJ, ACLI and AML officers became aware of and joined in the dishonest plan decided on by the original conspirators, would be the crucial factual issue in the action.

Metall also alleged abuse of process of the court. There appeared to be no reported case in which the conduct of a defendant in defending an action had been held to amount to an abuse of process.

The defence of a civil action was the legal process designed to accomplish defeat of the claim, and a dishonest defence could not amount to misuse of process within the meaning of the tort.

In the previous action AML had counterclaimed a declaration that Metall was liable on the miscellaneous accounts, and that AML was justified in retaining the warrants.

The facts relied on did not

rise an arguable case that there was an abuse of process. Metall alleged that AML, because of its fiduciary relationship, acted in breach of trust in respect of Metall's property, and should be accountable as constructive trustee.

Both defendants argued that the claim did not fall within Order 11 in that they were equitable claims enforceable in conscience, and not claims "founded on" tort.

If his cause of action arose from a tort he might seek any appropriate relief or remedy, whether damages at common law or equitable relief.

Order 11 was contended to limit the causes of action in respect of which service out of the jurisdiction might be ordered. It was not concerned to limit the remedies. The defendants' arguments were not accepted.

Metall also claimed damages for "procuring breaches of trust". The court was not persuaded that English law recognised such a tort.

The final question was whether the damage, wherever suffered, resulted from an act committed within the jurisdiction within Order 11 rule(1)(b).

Metall's damage resulted directly from AML's acts in London where Metall was principally based in New York and worked out there, but it was put into effect by AML in London.

Metall's two available causes of action, for conspiracy and procuring breaches of trust, together with the remedy sought, fall within Order 11. London was the appropriate forum.

For Metall: Mark Walker QC, Raymond Jack QC, Ian Geering and Louise Edwards (Herbert Smith)

For DLJ: Samuel Stammers QC, Ian QC, Thomas Keay (M. Freeman & Co)

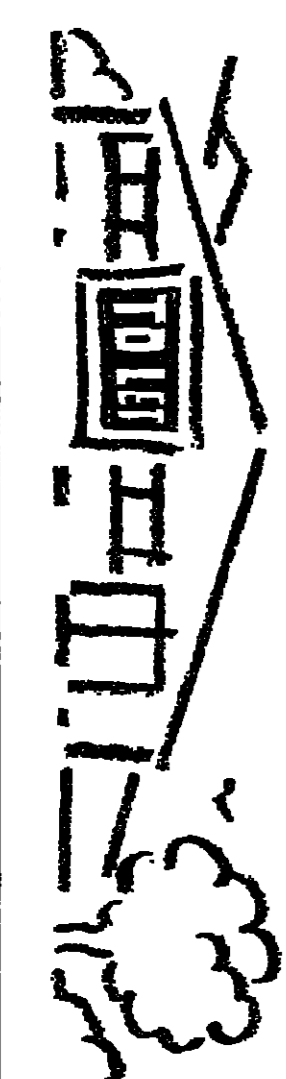
For ACLI: Anthony Grabher QC and Nicholas Studen (Freshfields)

Rachel Davies Barrister

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DAI-ICHI KANGYO BANK DKB ECONOMIC REPORT April 1988: Vol. 17, No. 4. Increasingly favorable signs in Japan's economy. Japan's economy continues to grow steadily mainly because of stable growth in personal consumption, housing investments, and facility investments by the non-manufacturing sector.

GWENT BETTER CONNECTED.



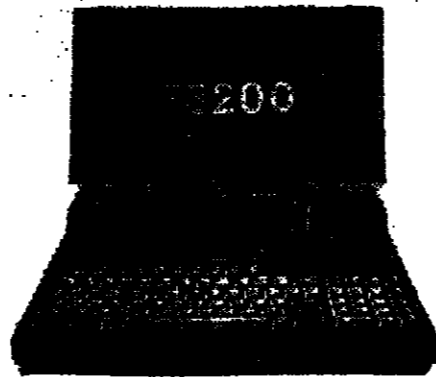
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FINANCIAL TIMES SURVEY

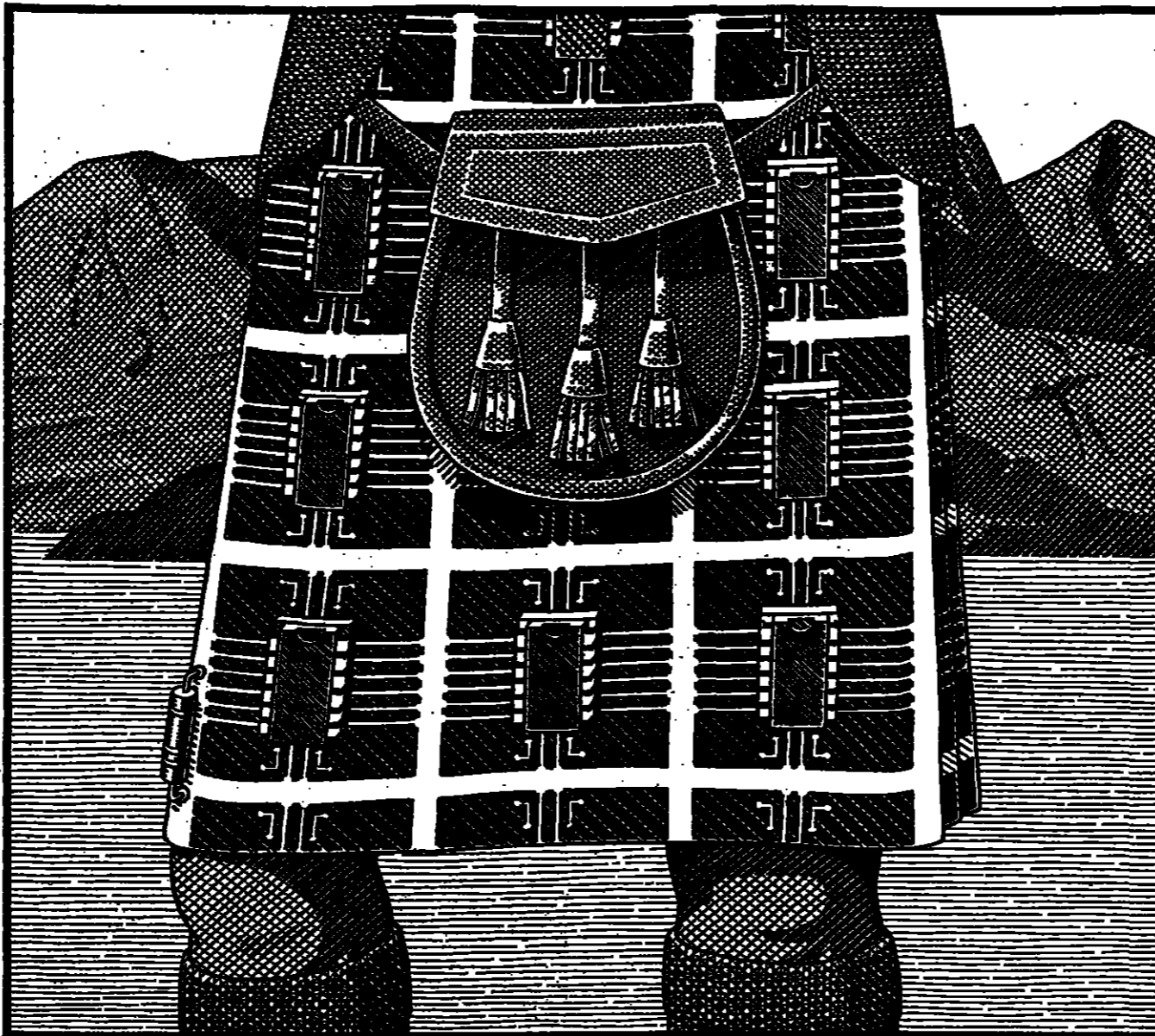
Despite the recent loss of the proposed Ford plant, Scotland continues to confirm its position as one of the most important locations in Europe for electronics manufacturing. However, the number of people working for Scottish-owned concerns remains small, writes James Buxton

Expansion in Silicon Glen

THE PAST 12 months have, on the whole, been good ones for the Scottish electronics industry. A series of mainly foreign manufacturers have announced that they are planning to establish factories in Scotland. Several existing Scottish plants are making very large investments as well as increasing their workforces. Scotland is confirming its position as one of the most important locations in Europe for electronics manufacturing.

The picture would be even more rosy if Ford had not decided to abandon its plans to establish a major electronic components plant at Dundee, after it failed to obtain the single-union agreement it had sought. The Ford plant, which would initially have employed 450 people but might later have risen to about 1,000, might eventually have become one of the main centres of the Scottish electronics industry, like the vast International Business Machines complex at Greenock.

But trade union leaders in London, not Scotland, refused to allow the single-union agreement which the AEU engineers' union had signed and Ford is expected to take its investment elsewhere in Europe. The loss of the Ford plant will not only cost Scotland jobs, both in the plant and among potential sub-contractors: there is



Scottish Electronics

industry. There are very few products of the electronics industry that are developed in Scotland and can only be obtained from Scotland. The electronics industry in Scotland is part of a global industry: plants in Scotland trade with other plants in Britain, Europe or the US, much less often with each other.

Almost half the people employed in the Scottish electronics industry work for non-British companies, and the proportion working for Scottish-owned concerns is very small. While people talk of the latest invention from Silicon Valley in California, it is rare to hear them talk of the latest invention from Silicon Glen. Scotland has been very successful in providing a good manufacturing base for

large British, US and Japanese companies in a very fast moving industry, but it has been far from successful in developing an indigenous Scottish, or British, industry.

Even so, the scale of the industry and the range of companies which operate in Scotland is impressive. Several of the world's leading makers of semi-conductors - NEC, Motorola, National Semiconductor and Burr Brown, are located in Scotland. In data processing IBM makes its personal computers for much of the world market at Greenock, while not far away at Erskine its new rival Compaq, said to be the fastest growing company in history, recently began producing personal computers at a brand new facility.

The biggest British manufacturer - and the largest single electronics employer - in Scotland is Ferranti, which employs 8,500 people in several plants, mainly in the defence field.

Among the encouraging developments of the past year, Compaq decided to bring forward by a year the doubling in size of its Erskine plant, even before it had started operating. Apollo, which makes workstations at Livingston, recently announced an expansion which will create 200 extra jobs.

Two US companies, Aver, which manufactures circuit boards, and Techdyna, which makes other components, decided to establish in Scotland, and Lasa Industries, a leading edge company which has developed a process for making prototype microchips using laser technology, is to set up a plant at Livingston.

In semi-conductors Motorola is making its large plant at East Kilbride its world centre for the next generation of microchips - the 1 megabit chip - with an investment of £40m, while among the Japanese manufacturers NEC is investing £127m to manufacture megabit chips at Livingston.

NEC's development is part of a new wave of Japanese investment in Scotland as Japanese companies move in to Europe to avoid European Community trade barriers. Although Scotland suffered a setback last year when Unisys closed one of its two remaining Scottish plants, part of the Cumberland plant is being taken over by Oki, the Japanese

Companies Critical mass theory flawed

A HANDY PHRASE used to trip out the ravages of those responsible for the development of the electronics industry in Scotland - "critical mass" - is flawed.

It implied that once a sufficient number of electronics companies had been attracted to Scotland the industry would become self-perpetuating; more foreign companies would set up there without having to be lured, indigenous British companies would spring up to supply them, and teams of executives would leave the multi-nationals to set up their own operations.

In practice, competition for inward investment in Europe is so intense that it would be folly for the Locate in Scotland bureau to adopt a hands-off approach - though the size and range of the Scottish industry means that any company considering going to Europe must think seriously about going to Scotland.

And while the most recent Scottish Development Agency Database study (in 1986) showed that 41 per cent of electronics manufacturing companies were Scotland-owned, that accounted for only eight per cent of employment - or about 3,000 jobs.

The same study also showed that only 12 per cent of the total inputs of the Scottish electronics industry were sourced in Scotland. When "main inputs" were measured, the study showed, 17 per cent came from Scotland and 23 per cent from the rest of the UK.

The SDA is now updating the Database but little has happened in the past two years to suggest that it is likely to show a dramatic improvement. Scottish-based companies have appeared unable or unwilling to meet the quality and quantity requirements of the majors; and the fact that the major companies, for the most part, are solely manufacturing plants means that they do not always have senior staff with the

needs of the majors for large scale supply of components and assembly work.

The multi-nationals for the most part operate branch plants, few of which do research and development - though NCR and Hewlett Packard are important exceptions in this respect - or carry out marketing operations in Scotland. Since there are few executives in Scotland who know all aspects of their companies' business there is little scope for teams of executives to spin off on their own.

Furthermore, the multi-nationals prefer to buy from tried and tested suppliers, often under relationships established before they came to Scotland. That poses an extra hurdle for locally-based suppliers, but the majors have also been disappointed to find that some local companies that they have tried out either could not supply what was required in the necessary quantity nor to the correct quality.

JVC and other Japanese companies present a major opportunity to indigenous concerns because within a short time they will have to obtain 60 per cent of their inputs from within the EC. To avoid tariff barriers, but they are not obliged to obtain them from Scotland or even Britain. Scotland has an opportunity it must not throw away.

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SCOTTISH ELECTRONICS 2

The Scottish Development Agency has attracted a high level of investment, creating or safeguarding thousands of jobs

Race is on to host more semiconductor projects

"WATER IS our most expensive raw material," says Mr Bill Gold, personnel director at NEC, the world's biggest semiconductor manufacturer. "But the fact that we can purify it here means that everyone knows that the problem can be solved in Scotland."

This is the sort of talk the Scottish Development Agency (SDA) likes to hear. The semiconductor sector has had a rough ride in recent years.

The industry maxim of the early 1980s - "three bad years and one good" - was replaced in mid-decade by "three bad years and one worse." Investment programmes were shelved, staff laid off and whole product ranges abandoned.

Signs of a recovery last year re-activated expansion plans and Scotland's race to host new projects is on.

The semiconductor industry investment is a long-term commitment because it is so capital-

intensive. NEC's new 1 Mbit DRAM plant in Livingston, for example, is said to have taken a £127m investment and will create 100 jobs.

The SDA's achievement in attracting such inward investment is spectacular. Scotland has about 1 per cent of Europe's population. It produces 15 per cent of Europe's semiconductor output, and half the total within the UK.

More than £2bn has been invested from overseas "creating or safeguarding 40,000 jobs," according to the SDA. In 1986/7 the figures are: £427m invested and 4,108 jobs created. Most of that money has come from US electronics companies.

The latest semiconductor plant in Silicon Glen is being built by US computer company Digital Equipment Corporation (DEC). It is spending \$55m at its South Queensferry site to supply wafers - slim discs of silicon from which chips are made - to its

factory in Ayr which makes both the chips and a range of computers and terminals.

This plant is due to start producing wafers in the last quarter of 1988. "It is being designed as we build it because the manufacturing technology is changing so quickly," says Mr Jim Manderson of DEC.

The popularity of Southern Scotland as a base for semiconductor manufacture has been growing steadily since the 1960s when Motorola and National Semiconductor, both of the US, set up there.

Expansion since then, especially in the last five years, underlines the SDA's avowed policy of "critical mass" by which the popularity of a region reassures investors that the decision to locate there is the right one.

Early arrivals have grown. National Semiconductor began in Scotland in 1969 and, after rebuilding its plant destroyed by

fire in 1977, won a Queen's Award for technological achievement in 1981. This year it opened its 6-inch wafer fabrication line and will have invested more than £150m in Scotland by the time expansion is complete.

Motorola is investing about £40m this year to produce 1Mbit DRAMs at its East Kilbride plant. "We will be shipping from the end of this year," the company says.

Yet the SDA is still vulnerable to the charge that there is no Scottish electronics industry at all, merely a Scottish offshore manufacturing base for multinational high-technology companies.

Many of the Scotland-based multinationals agree that this is the case. They see themselves simply as part of a UK, European or world industry. Management techniques such as quality circles, just-in-time delivery and, at NEC, a tea-lady-to-managing-di-

rector regulation blue jacket, have been imported along with the production technology from the United States and Japan.

There is little research and development outside Scottish higher education institutions, while sales and marketing operations are in South-East England or further afield. NEC's chips, for example, are sold from its European sales headquarters in Düsseldorf, West Germany.

Many talented Scottish managers change jobs between US corporations. The SDA acknowledges that, in contrast to California's Silicon Valley, there are few domestic spin-off companies.

The SDA argues, however, that it is early days. It points to the relatively new phenomenon in Scotland of the arrival of niche vertical suppliers.

Shin-Etsu Handai (SEH) is a Japanese company that manufactures the cylinders of pure silicon

which are then sliced and polished into the wafers at plants such as DEC's. SEH moved into Scotland in 1985 but shelved its expansion plans during the worldwide recession in the semiconductor industry.

Last October it committed \$14.4m to build a 4,000 square metre factory on a green-field site in Livingston New Town. The plant is due to be completed in October and the company expects eventually to take on several hundred employees.

Nevertheless, only 12 per cent of high technology supplies come from Scottish industry, according to Mr Edward Cunningham, director of industry and development at the SDA.

In many cases, raw materials are imported, processed and exported. Similarly, much of the investment spent nominally in Scotland goes to buy production equipment from the United States and Japan.

The SDA also admits that reluctance to start up new companies is cultural. The atmosphere of enterprise and achievement that characterises San Jose is not quite so tangible in South Queensferry.

BBN, an exception, is a US niche electronics software and hardware maker with small subsidiaries in the UK and Europe. "We are still the only start-up commercial research and development operation in the region," says Mr Stuart Exell, MD of BBN Laboratories.

The SDA sees attracting inward investment as its main task. It is not something that happens overnight. The level of cash commitment needed to set up raw materials processing or high technology manufacturing means that companies are cautious at the best of times - which never seem to last long in this notoriously cyclical industry.

Daniel Green

Critical mass theory is flawed

Continued from p1

all-round skills needed to run their own businesses.

Others suggest that less tangible factors, related to the weakness of entrepreneurship in Britain and the difficulties of raising venture capital in large quantities, are also responsible.

Yet there are some important indigenous Scottish or British companies based in Scotland, and a number of smaller ones suc-

cessfully making specialised products.

For example Spider System in Edinburgh is a £5m a year concern which makes a device for monitoring software in local area networks; Intellectics, based at Clydebank, which makes electronic measuring equipment; and Gentech, which designs and manufactures reed switches.

Among larger concerns Scotland probably has the major players in the UK printed circuit

board (PCB) industry - Exacta, BEPI, MKPD and Prestwick Circuits are all volume manufacturers.

The first three of these companies are based in the Borders region, the scenic area between Edinburgh and the border which is not always thought of as an area of electronics manufacturing.

Exacta, BEPI and MKPD can trace their origins back to two Borders entrepreneurs, Robert

Currie and Kenneth Mill, who also spawned a brood of other electronics manufacturers in the Borders, mainly associated with PCB design and manufacture.

Exacta was bought out by its management from STC in 1986 and supplies major companies in Scotland, as well as markets in the rest of Britain and the EC, exporting more than half its output. BEPI is a subsidiary of Cambridge Electronic Industries.

Prestwick Circuits, based on the west side of Scotland at Ayr, believes it is now emerging from two difficult years in which it lost a total of £2.4m before tax in 1986 and 1987. It was badly hit by the sharp downturn in the electronics industry which took sales down from £15m in 1985 to £15m in 1986, after four years in which sales grew by about 50 per cent a year.



Assembling disk drives at Rodime, now making profits again.

It has tightened up its management, bringing in an executive director responsible for operations under the managing director, Mr Bill Miller, one of the founders of the company. With the retirement as chairman of Mr Miller's brother Mr Eric Miller, the company brought in a new

chairman, Dr David Simpson. Dr Simpson may be set once again to become an important figure in the Scottish electronics industry. Having worked for major electronics companies in Scotland, he became vice-chairman of Gould, the US defence contractor, before retiring to Scotland last year.

He presided for a short time over Integrated Power Circuits, a start-up by US technologists with British venture capital which, despite excellent products, went into receivership last year and has now been acquired by Seagate, the US electronic components company. He is also chairman of Cepway Electronics, the successful company which makes underwater television equipment.

Dr Simpson, an Americanised Scot who is somewhat reminiscent of Sir Ian MacGregor, the former British Coal chairman, has ambitions for Prestwick. He would like to see it become one of the handful of extremely big companies that he believes will emerge as the world PCB industry - currently highly fragmented - becomes rationalised. That would have to entail Prestwick eventually becoming a \$1bn company.

Only one Scottish-based company can claim to be an international manufacturer: Rodime, begun as a spin-off from Burroughs which in the mid-1970s second greatest hard disk drive manufacturer in the world, claiming to have invented the 3 1/2-inch disk drive.

The company manufactures at Glenrothes in Fife, Boca Raton in Florida and last year set up a plant in Singapore, joining other volume manufacturers in gaining access to a low-cost Far Eastern production base.

But Rodime's fast growth collapsed after 1985 because of its problems as a mass volume manufacturer and because it was slow to bring out its new range of products. In 1987 it lost £13.4m after writing off £8m of stock and shedding 300 people from its worldwide labour force.

In the past two quarters, however, the company has made small profits and with its new base in Singapore believes it is set to make a significant recovery. Although much of Rodime's capital is American it is still run from Glenrothes.

The last SDA Database produced a list of product groups which the major companies in the industry said were not easily available from suppliers based in Scotland. Top of the list was plastic mouldings, which IBM has complained are unobtainable from Scottish manufacturers.

That gap may now begin to be filled by Plastic Engineers, a Welsh company which recently announced it was expanding in Scotland, with the help of investors in industry (3) and the SDA.

Another product on the list was power supplies. In this case the electronics division of the SDA decided to take the initiative - or exercise its "pro-active"

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SCOTTISH ELECTRONICS 3

Data processing manufacturing

Just in time for Scottish components

GLASGOW'S JIT (just-in-time) club has some powerful members. The list of 250 guests at its inaugural dinner in February read like a roll call of the high-tech parade of mainly US hi-tech technology corporations. They included IBM, Digital Equipment Corporation (DEC), Wang, Hewlett-Packard, Ferranti, Marconi, ICL, Hughes Microelectronics and NCR.

They were there to talk about the just-in-time manufacturing philosophy, a technique in which stocks of components and raw materials are kept to a minimum; they are delivered a matter of days or even hours before use in the manufacturing process.

The Scottish Development Agency (SDA) is behind the JIT club and its three-fold rationale is simple.

- It saves money. The SDA calculates typical 25 per cent savings based mainly on transfer of inspection procedures from the customer to the supplier in return for a small increase in the unit purchase price.
- It could preserve or improve Scotland's attractiveness to foreign investors from highly developed industries. This is because implementing the JIT philosophy means creating an inter-company structure linking companies vertically and horizontally in the same industry. If it works, it benefits those inside the structure.
- It would boost the currently low level of Scottish sourced components; it is hard to deliver just in time when the goods are arriving by ship from south-east Asia or North America.

Some dataprocessing equipment manufacturers already work with JIT. DEC, for example, is heavily involved at its systems end - computer assembly rather than semiconductor manufacture - and exports 70 per cent of the finished machines to Europe.

However, the success story in Scottish dataprocessing of the moment, Compaq, has found only limited use so far for JIT. It is a company accustomed to doing things quickly. It holds the record for the shortest time, five years, to go from formation into the Fortune 500 list of top US companies by turnover.

The high level of technology itself becomes a barrier to JIT supplies. "If we source locally, we use JIT," said Mr Murray Francis, Compaq vice-president and Louisiana expatriate who is in charge of the Erskine venture. "But shipping long distance



Mr Murray Francis: "Scotland is our world showpiece."

causes problems." Compaq currently buys packaging and casting locally. It plans to buy the computer keyboards from UK suppliers, too.

In Scotland Compaq has taken 11 months to turn a green-field site high on the hilly down-stream banks of the River Clyde into an architect-designed assembly plant that looks as if it had been plucked from downtown Houston.

The company has an up-market niche in UK personal computer sales. It has an 8.4 per cent share by value - second only to IBM's 31.8 per cent - but only a 4.3 per cent share by volume (IBM has 24.7 per cent).

Compaq chose to locate in Scotland not only because of several years of persuasion from the SDA there but also because the UK is the biggest and fastest growing personal computer market in

Europe. It has not regretted its decision to move so rapidly into Scotland, "Scotland exceeded our expectations," said Mr Francis. "This is our worldwide showpiece now."

In common with many of the foreign companies in Silicon Glen, Compaq sees its efforts as a UK-wide operation - which includes manufacturing in Scotland. Unlike some, however, it sees its future in national rather than continental terms.

"We are likely to build similar plants in France and Germany when their demand is high enough," said Mr Francis. The final assembly of computers, as opposed to manufacturing from scratch, does not benefit from economies of scale beyond the medium scale of the Erskine plant, he argued. IBM, too, tries against the odds to give itself a national rather than multinational image. It has been in Scotland since 1961 and just about every employee, including top management, is Scottish.

In its corporate philosophy is that it is IBM (UK) and not IBM (Scotland), according to Mr David Reid, IBM's resident director in Scotland. However the board at IBM's headquarters in Armonk, New Jersey "sees only Europe rather than Scotland; they look at us through the eyes of the European headquarters in Paris".

Pressures from the market, too, have ended parochial management strategies - evidence abounds that the Scottish operations are part of a world industry. IBM at Greenock has 152 Japanese-style quality circles. The plant makes the PS/2 personal computer which underpins IBM's office equipment strategy. The

computers are exported to Europe, the Middle East and Africa. IBM encourages its suppliers to take a similarly planned approach to quality control and present awards to the best of those suppliers.

One recipient this year has been the Times factory in Dundee. It is a long time since Times in Dundee made a living from watches. Today it is a manufacturing sub-contractor - it has been making Sinclair-branded, now Amstrad-owned, home computers since the original Z80 - and has attracted rivals such as Avex and SCI of the US to Scotland. Ironically, SCI now makes Sir Clive Sinclair's Z88 laptop computer.

JIT is also a Japanese concept. "The SDA is pushing the JIT philosophy," said Mr Bill Gold of NEC, the Japanese semiconductor maker which has invested about £120m in a plant in Livingston New Town.

However, the SDA's calculations of the benefits of JIT depend not only on the inbound supplies arriving a matter of days before they are used but also on the transfer of quality control inspection from the customer to the supplier.

"It is about trust between business partners," said Mr Ian McLaren, senior project executive in the electronics division of the SDA. "That trust can take a long time to build up but in the end it means zero defects, total quality control and carries with it the implication of a cut in the total number of suppliers."

JIT will be difficult to apply effectively in the commodity chip market. This sector, which consists of memory semiconductors used by the million in computers as well as many consumer durables, has had a turbulent five-year history of boom and bust.

Currently, much to the relief of the semiconductor makers, there is a world shortage of commodity chips. Prices are rising and manufacturers are racing to build new capacity. It is simply not possible right now to get memory chips delivered JIT, said one Scotland-based manufacturer.

"The SDA remains optimistic. The big manufacturers want to reduce the number of different suppliers," said Mr Ian McLaren. "Those that don't follow the JIT philosophy will just get frozen out."

Daniel Green

Inward investment

Damage limitation

SCOTLAND'S RECENT major successes in attracting foreign electronics companies were set to be crowned by the electronics components plant that Ford Motor planned to set up in Dundee.

Ford's announcement last month that it would not go ahead after all was made for one reason: it could not obtain a single union agreement.

The decision not to go to Dundee received far more publicity than the decisions of any number of companies to locate in Scotland. So the question has to be asked: how damaging for Scotland was the verdict of Detroit?

The siting of Ford in the first place was a particular triumph for the canny operation that brings foreign investors to Scotland. It is centred on Locate in Scotland, a joint venture between the Scottish Development Agency and the Scottish Office, which has been described by outsiders as the most effective inward investment agency in Europe.

It is a one-stop shop, able to call on all the resources of the SDA, and also on the network of Scottish New Towns and local authorities, all anxious to bring in new employment and, usually, to ease away any planning difficulties.

Locate in Scotland often tracks the progress of companies long before they even contemplate locating in Scotland. A classic example of this was Compaq, the Houston-based personal computer maker which LIS began to target only a year after it was formed in 1985. When Compaq decided to establish a European plant, LIS fought hard for Scotland and, in late 1986, eventually won, after finding the US company a prestige site at Erskine, west of Glasgow.

As well as luring companies to Scotland and negotiating the package of regional assistance grants and factory accommodation, LIS also makes a practice of keeping in touch with companies long after they have located themselves in Scotland.

To persuade Ford to set up a plant making components - electronic engine controls - at Dundee, LIS and the Government had to face competition so strong that King Juan Carlos of Spain himself was making telephone calls to the Ford management to win the plant for his country.

A key factor in Ford's choice of Scotland was that it was con-

vinced the labour relations climate in Britain had dramatically improved since the 1960s and 1970s. On top of that, Mr Gavin Laird, general secretary of the AEU engineers' union, offered the company a single-union agreement.

But the agreement was never consummated because the other unions employed at Ford plants in the rest of the UK refused at national level to allow the AEU to have a monopoly of representation at the Dundee plant.

The other Ford unions, led by the Transport and General Workers, also objected to the idea that the Dundee workers would be paid at the higher end of the electronics industry pay scale rather than the better-paid motor assembly pay scales.

It may also be that the strike at Ford plants in the rest of Britain earlier in the year - when the unions among which the AEU was prominent, succeeded in reducing a three-year pay deal to a two-year one - abruptly disintegrated the Detroit management as to the improved climate in Britain labour relations.

And the fact that the Government indicated at the time that it was to sell Rover Group, which Ford had indicated it would like to buy, to British Aerospace probably weakened the political attractions of doing Britain a favour by coming to Scotland. The Ford deal - which would have provided 400 jobs initially, rising to perhaps 1,000 - was scuppered by unions in London, not in Scotland. Further, it was scuppered because Ford was very different from the usual inward investor to Scotland.

This was a company that had operated in Britain for several decades and had a long history of often tangled relations with a plethora of unions. It was now proposing to set up a plant making different products from its usual engineering output and wanted a different union arrangement for it.

Some people who were involved in the negotiations to bring Ford to Scotland have said that to avoid arousing inter-union jealousies the company should have accepted their advice to go for a totally non-union plant at Dundee. Or it could have operated the plant through an arm-length subsidiary under a different name, just as General Motors has the Hughes Microelectronics plant at Glenrothes in Scotland.

But officials at the SDA still say that no one could have foreseen that the union movement in Britain would have allowed its internal rivalries to destroy the possibility of so much long-term employment in Scotland.

As Mr Iain Robertson, chief executive of the SDA, said on the day Ford announced its decision, "We are devastated by this news. The unions cannot sidestep the blame for the loss of this contract."

Later Mr Robertson said: "In marketing terms such a prominent, important company deciding to pull out will be unfavourable for inward investment. In the wake of this companies will think most carefully about their industrial relations, and make sure they have got it absolutely right before going ahead."

But he also noted that "Most companies coming to Scotland are first-time investors, with no inherited union arrangements to get tangled up in. So this case does not have much bearing on them."

Professor Neil Hood, head of LIS, argues that incoming companies will realise that there are unique factors in the Ford case. Though Ford chose to have a union agreement, no other US-owned electronics plant in Scotland established since 1972 is unionised, and no Japanese electronics plants in Scotland are unionised.

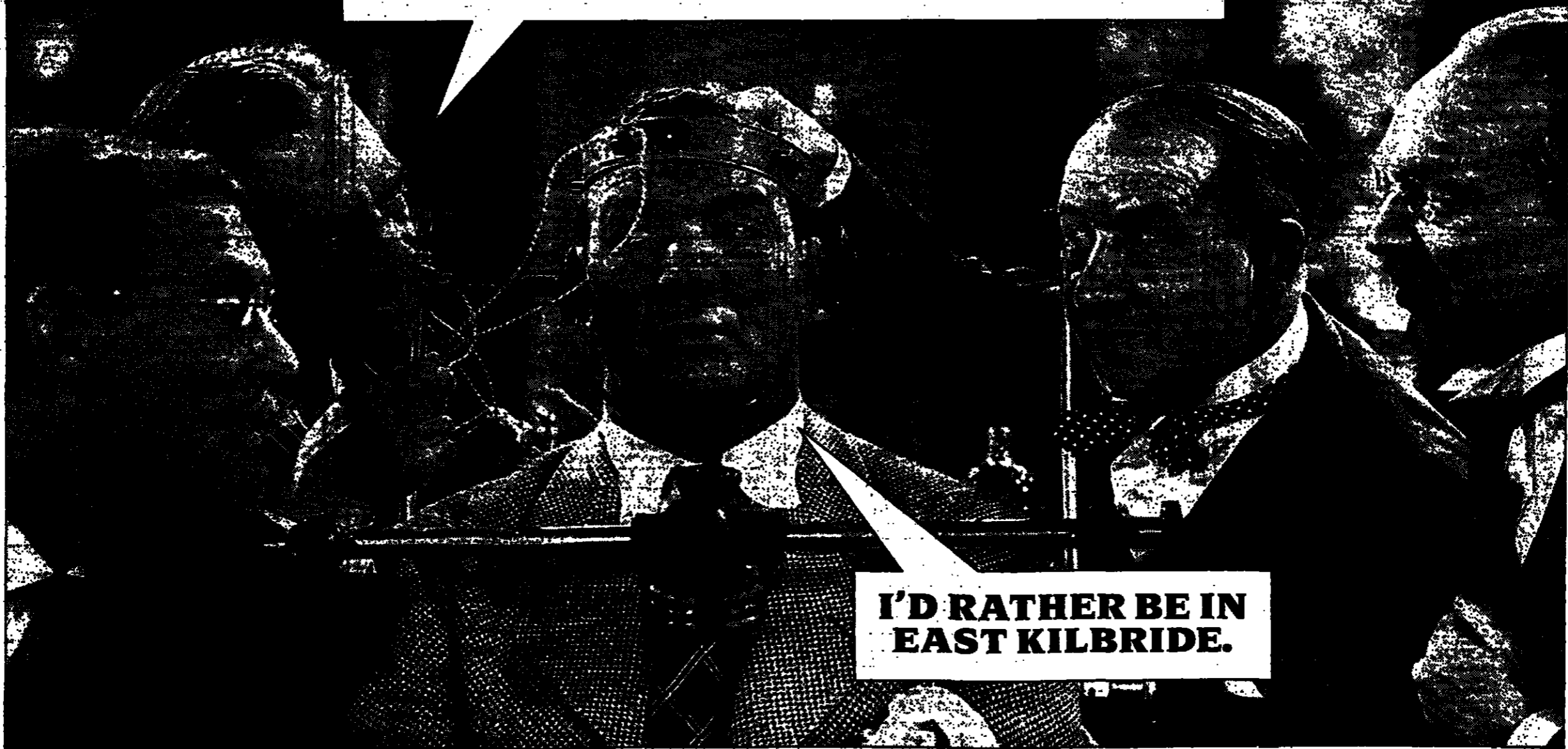
Only a quarter of US-owned high technology/electronics plants in Scotland operate with unions and only five US-owned plants in other industries in Scotland have been unionised in the past 10 years.

According to a survey of US companies carried out by the SDA and published in 1987 only one US electronics plant reported a strike in the previous three years, while of all US plants in Scotland nine out of ten were strike-free. The survey showed that 93 per cent of managers in electronics thought the labour situation was stable or improving. Some 82 per cent of US electronics plant managers considered productivity to be good or very good, and all thought it was either constant or improving.

These statistics, though some of them it could be argued contain room for improvement, are certain to be stressed by those promoting Scotland as an inward investment location.

James Burton

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ARTS

Royal Academy/William Packer

The young Cezanne: a genius in the making

Paul Cezanne is one of the world's great artists who stands comfortably with his peers of every age...



'The Black Clock,' c. 1870, by Paul Cezanne

to its realisation in provincial comfort. True creative struggle does not always require the validation of material provision...

ideas. And as we all know, the highest, most noble leap too soon becomes the most glorious belly-flop if neither the strength nor the technique has been acquired to bring it off.

he soon abandoned and his handling of the paint still loose and direct, the faceted modelling of the form which is so characteristic of the later work is already evident...

Songmakers' Almanac

Paul Driver

Stefan Zweig is little known and read in this country perhaps, but he is one of the emblematic literary figures of the century...

Consequences of revolution on Soviet art

A German reference book published as late as 1967 closes its entry on the Russian artist Kazimir Malevich with the words: 'Official policy [in the Soviet Union] in the late twenties classified his work as decadent and no works of his subsequent to 1919 are known'...

In the immediate post-revolutionary period, the avant-garde ruled the Soviet artistic establishment. Malevich was head of something called the 'Department of Organic Culture' at the State Institute of Artistic Culture in Petrograd...

Gowing in one of the captions notes to the catalogue calls 'the benighted faithfulness of truth to sensations'...

Reconstruction of Vladimir Tatlin's fanciful 'Monument to the Third International': actual buildings tended to be grimly functional

Remarkable artists had understood it, comprising free inquiry, faithfulness to a perceived reality and, at the same time, an attempt to mobilize the people for a utopian vision of the future...

Arts Guide

Opera and Ballet

LONDON Royal Opera (Covent Garden), Peter Hall returns to Covent Garden as producer of the eagerly awaited new Salome...

Editta Gruberova, John Pritchard conducts, and the cast also includes... Vienna State Opera and Ballet (Staatstheater), Conducted by Casper Richter...

Josephine Burrows returning to one of her most celebrated roles as the three-centuries-old heroine... TOKYO Seattle Wells Royal Ballet (Tokyo Bunka Kaikan), Swan Lake...

WEST GERMANY Berlin, Deutsche Oper, Ariadne auf Naxos has fine interpretations by Urs Wietter, Anna Tomowa-Sintow...

Munich, Bayerische Staatsoper, Tannhauser stays Nadine Secunde... ITALY Milan, Teatro alla Scala, Donizetti's 'L'elisir d'Amore' directed by Andre' Ruth Schomann...

Travelling on Business in the Netherlands? Enjoy reading your complimentary copy of the Financial Times when you're staying... in Amsterdam at the American Hotel, Hilton Hotel, Garden Hotel...

Travelling on Business? Enjoy reading your complimentary copy of the Financial Times when you're staying... in Athens at the Hotel Athenaeum, Azis Palace Hotel, Hotel Grand Excelsior...

LPO/Festival Hall

The Partnership which for 12 years was one of the jewels of London's orchestral life was renewed on Sunday evening...

Saleroom/Antony Thorncroft

A cookie jar obsession Sotheby's began its dispersal of the sale of the century - at least in terms of size and sensationalism - by dispersing on Saturday...

Nicholas Parsons

April 22-28

FINANCIAL TIMES BRACKEN HOUSE, CANNON STREET LONDON EC4 4BY

The cap needs replacing

THE TREASURY and Civil Service Committee can claim credit for many useful analyses of British Budgets over the years. Yesterday's effort, however, was well below par.

It is worth reflecting that if Britain had become a full member of the European Monetary System last year, the damaging row between Number 10 and Number 11 Downing Street would never have occurred.

Valid logic

Yet the logic that would have applied had Britain been a full EMS member remains largely valid today. The Chancellor was trying to defend until the Downing Street row represented an ambitious exchange rate target in anything other than the very short term.

Chirac on the ropes

THE HORSES in the first round of the French presidential race have passed the finishing post in the predicted order, but the significance lies in the distances separating them.

Even if it is accepted that French voters allow themselves a fling in the first ballot, well aware that it is only in the second round that the President is elected, the performance of Mr. Jacques Chirac is remarkable.

Mr. Le Pen might not be able to repeat such a good score in a parliamentary election, but the result says a great deal about his charisma and the manner in which the presidential election campaign has been conducted.

Clever uncle

By comparison, his rivals were unable to offer the electorate, other than their very different and well-known personalities, anything more than an ill-defined and almost indistinguishable policy mix.

At least as surprising as Mr. Le Pen's breakthrough, was the relatively poor performance of Mr. Jacques Chirac, the neo-Gaullist

Ian Davidson examines the result of the first round in France's presidential election

A time for damage control

WITH HIS breakthrough in the first round of voting in the French presidential election on Sunday, Mr. Jean-Marie Le Pen, leader of the extremist right-wing National Front, has transformed the political scene.

The identity of the final victor is now even less in doubt than before - it must surely be President Francois Mitterrand. One reason he will win is that the entire right is now in deep disarray.

Respectable policy

The tactics for combating speculative surges in sterling thus remain intervention or interest rate cuts. Intervention in the face of unsustainable currency swings is a perfectly respectable policy.

Just William and Mary

Britain and the Netherlands are about to be hit by an enormous exhibition, or rather series of exhibitions, stunts and events, that will extend until June next year.

The celebrations of William and Mary Tercentenary Year and Mary Tercentenary Year will be probably not be since most of the potential embarrassments have been dealt with in advance.

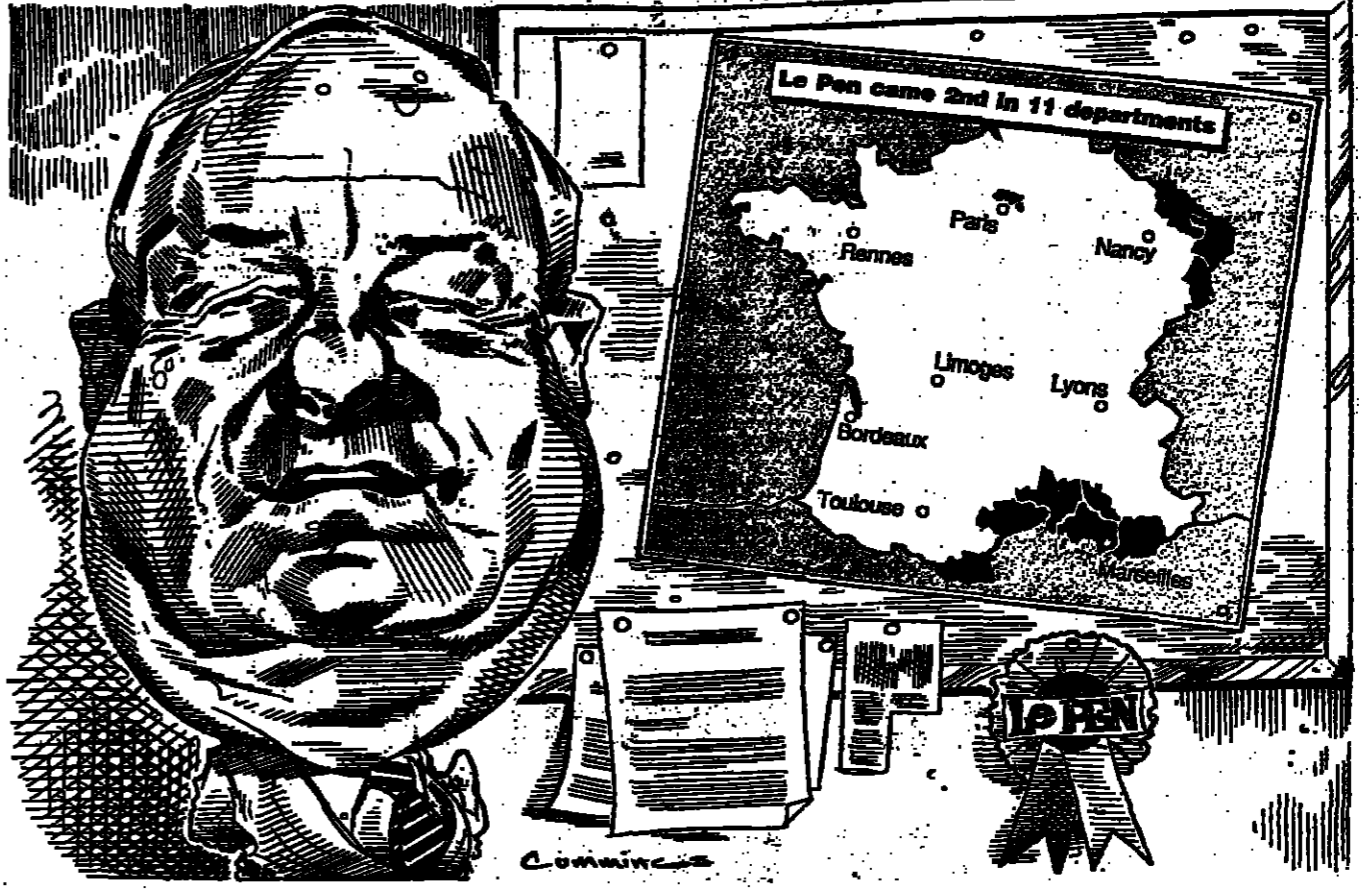
Though, theoretically, Mr. Chirac could still beat Mr. Mitterrand if all those who opted for Mr. Barre and Mr. Le Pen in the first round switched their votes to him.

Difficult deal

Indeed, if Mr. Chirac is genuinely interested in promoting a post-presidential election restructuring of the moderate right and centre into a more cohesive political force, he would do well not to have any truck with Mr. Le Pen.

Alas, poor Barre

Those who would have preferred to see Raymond Barre - the next President of France -



But whatever the immediate explanation, the voters' verdict shows that the apparent rise in Mr. Chirac's popularity in the polls stood on unreliable foundations.

Le Pen gained heavily but other right-wing candidates' losses were even greater than his gains

only slightly better than his vote in the first round of the last presidential elections in 1981, when he came third behind Mr. Mitterrand.

Coming Amis

Tim Rice, the lyricist and president of the charity organisation, the Lord's Taverners, presented their cricketer of the year award to Dennis Amis yesterday at the London Hilton.

Soft-centred banks

Little wonder that presentations for the bank manager of the year competition run by Family Wealth magazine and Channel Four's Moneyplanner programme were held at the Bleeding Heart wine bar.

Name dropping

Australia's latest migrants from Asia may be called 'Nau-sies' when they arrive down under, but there are other names for them before they leave.

NEW SERVICES TO LONDON CITY AIRPORT FROM PARIS, BRUSSELS AND AMSTERDAM.

Table with flight schedules from Paris, Brussels, and Amsterdam to London City Airport. Columns include departure times and arrival times.

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LONDON CITY AIRPORT A MOWLEM ENTERPRISE

P&O FERRIES DISPUTE

OF THE network of domestic and international issues surrounding the decision by P&O European Ferries to withdraw recognition from the National Union of Seamen, three stand out.

First, and best understood, it is a specific instance of a company grappling with the onset of what can be presumed to be ferocious competition from the Channel Tunnel in four years time. Second, it shows that the ferry companies are no longer immune from the cost-cutting pressures which have led to much of the rest of the developed world's fleets registering under flags of convenience ("flagging out").

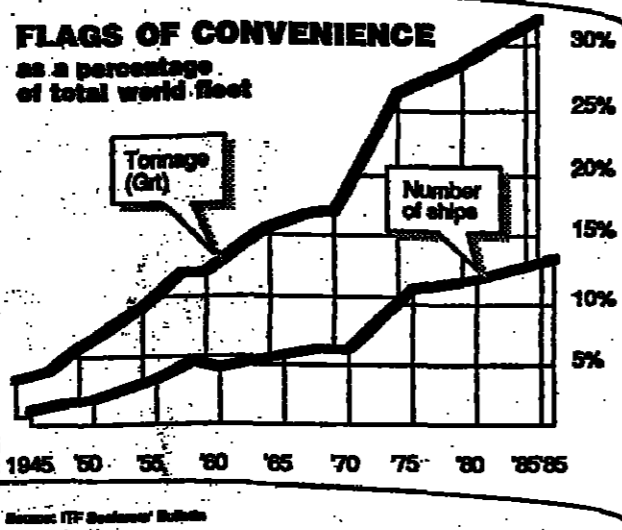
Third, it is another example of a general attack by employers, sometimes alone, sometimes aided by Governments, on labour cartels and agreements to which they have previously consented party by party.

In this case, the fate of the labour arrangements for British seafarers looks rocky. That is not new. If P&O succeeds in running a service with a non-union crew, however, such a precedent is found, then the seamen are likely to be no more successful than other groups of workers in resisting the trend.

P&O ferries have been strike-bound for some 12 weeks now, beset by the NUS's resistance to a package of measures which would see over 360 redundancies declared from P&O's 2,000 seamen, longer hours on board ship and different shift patterns to make \$5m annual savings.

Both sides have stilled in the course of rough negotiations, much of it at the offices of the Advisory, Conciliation and Arbitration Service. The company has reached limits defined by its estimation of the competitor; the union limits defined by its own militant shop stewards and fears of opening a door through which other ferry operators are bound to charge.

In doing so, it is attempting to follow what most other OECD country fleets have done over the past ten years: cut labour costs by pulling out of union agreements. But the P&O's unique position for a big operator, is making the break by busting the union, most shipping lines have done so by



The threat of the museum

By John Lloyd

leaving the unions and the labour arrangements of their own companies far behind them. They have sought refuge, in effect, in other countries by flying the flag of a nation which does not insist on stringent checks, on close inspections of certificates and training standards and which crucially have no fixed rates of pay.

These flags of convenience are growing in popularity. The two biggest, Liberia and Panama, have a little over and a little under 50m tonnes respectively on their books. As an example of growth, the Philippines shows how massive the demand for its fleet grew from 1m to 7m tonnes over the past decade.

Many countries, including the UK, Norway, Spain, Holland and France are using "dependent territories" - like the Netherlands Antilles, the Canary Islands, the

Table titled 'ANNUAL WAGE BILL FOR A BULK CARRIER' with columns for Flag, Officers, Crew, and Cost. Includes data for UK, Hong Kong, Liberia/Philippines, UK/India, and UK/Philippines.

leverage is increased by regular home port docking, sensitivity to image and bad publicity, a workforce more easily organised than on deep sea ships and a wish by the ferry companies to fly the national flag.

In theory, flagging out was a possible weapon in the armoury of Peter Ford, P&O European Ferries chairman; or he could do what many UK shipowners have done, and find a half way home on the Isle of Man. But in choosing instead to capitalise on the fears and dissatisfactions of some of his crew and deregulate the union, he has taken a more radical course. It is one which, if pursued generally, will not continue the shrinkage of the British merchant navy establishment - but strikes at its base.

Deep sea lines had no real incentive to take on the unions while they could sidestep them. The ferry owners did, hence their break-out.

Will P&O succeed? It faces a number of immediate problems. First, it may face International Labour Organisation (ILO) pressure: the NUS has forged close links with the French GGT, which organises most dockers and seafarers on the French ferries, while the International Transport Workers Federation has asked Dutch and Belgian unions to express solidarity.

More seriously, the company will have to persuade the officers to work with non-union crews against the advice of Numast; and it must try to ensure that those NUS members who have indicated they will work do actually get on board ship, through their colleagues' picket lines. In the slightly longer term, it will not automatically be able to recruit high calibre crew from unorganised sources.

FOREIGN AFFAIRS

A second look at the Carter record

RONALD REAGAN won the last two presidential elections by running against Jimmy Carter. So, it seems, according to a speech in New York the other day, may George Bush, who spent an awful lot of time reminding an audience of Mr Carter's economic policies (fair enough; Mr Bush, who in 1980 described candidate Reagan's prescriptions as "voodoo economics", would not want to much attention paid to parts of this Administration's record).

There are many things Mr Bush is not, but one of them is that he is not a fool. He was speaking before last week's Democratic primary in New York on the double assumption that Mr Michael Dukakis would win it and that he could then get away with portraying the Governor of Massachusetts as a Carter clone in the general election campaign.

He was right on the first score and the second has a certain superficial plausibility. Both Mr Carter and Mr Dukakis brought to their campaigns successful records as state governors, inclinations to managerial philosophising, a fondness for formulae (remember the zero-based budgeting, especially human rights, and, to be frank, campaigning styles bordering on the underwhelming).



A second look at the Carter record

bring Israel and an Arab country together for a serious agreement, parts of which (the maintenance of diplomatic relations between Israel and Egypt) still hold up. This was achieved through the exertion of pressure on Israel and through the personal commitment of the President himself.

Of course, Mr Bush will want the electorate to reflect less on the Carter of 1976, who was, and on the Carter of 1980, who was not. This suggests that much will be heard of the "miserable index" (the sum of inflation and unemployment), impotence in the face of assorted foreign demons, and Mr Carter's "malaise" contrasted with Mr Reagan's "walking tall".

More than this, it is perfectly possible to maintain that the Carter years, far from being the unmitigated disaster which the Republicans effectively presented them as in 1980 and 1984, stand up rather well in comparison with what has happened since. Such an accounting might start, but not end, with foreign policy and run along the following lines.

the Gulf. American hostages are still being held and Mr Reagan's principled stand against terrorism looks hollow in the light of the language disclosures that he was prepared to deal for their release. The bottom line is that the menace of terrorism, as we have just seen, is no less in 1986 than it was in 1980.

On the economic front, it is impossible to deny five plus years of vigorous growth under Mr Reagan (not that, on the growth front alone, the Carter years were bad). Both had dollar crises but at least in 1979 the problem was recognised through the issuance of Carter bonds, whereas the Reagan Administration has maintained for too long that a strong currency was a sign of national vitality.

Of course, none, or little, of the above will be presented this year, because the Democrats have to run against Mr Bush, not Mr Reagan, and because Mr Carter, unlike Mr Nixon, is not yet considered ripe for rehabilitation. Perhaps only if a British Sunday newspaper hires him to report the campaign will the necessary comparisons be made. Or if Mr Bush leaves the Democrats with no choice but to match fire with fire.

Jurek Martin suggests Jimmy Carter's presidency was not the unmitigated disaster which George Bush is presenting to US voters

more or less, respected by the two superpowers. It may also be claimed that the Nato twin track policy, adopted in 1979, paved the way for last year's INF treaty, as much as Mr Reagan's proclamation of the "double zero" option.

Letters to the Editor

Single union agreements

Strikes have also taken place in breach of these agreements. Even within tightly controlled Wapping, the printers voted to claim that the union selected for them by their employer. Such agreements are usually characterised by low pay, intrusive supervision of the workforce, and low union membership.

When pacts are proposed for the complex world of industrial relations, they should be objectively assessed rather than accepted because one organisation is involved in a high-pressure sales pitch. Tim Webb, Manufacturing Science Finance, 79 Camden Road, NW1

To audit or not to audit

in the US - that the smaller company environment is freer and less restrictive than our own. Informed of the national agreement, the district committee declared that it had never heard of Cousins, Cooper had no jurisdiction over the Teeside district committee.

Shell was commissioning a new refinery on Teeside at that time, and an agreement with many innovative features was negotiated with the TGWU. R Peter Linklater, The Gables, Southover High Street, Leves, East Sussex

Evidence is that 'mini' annual accounts do not actually save money

From Mr A.E.W. Fletcher. Sir, I was surprised by Mr Aubrey Wilson's letter (April 14) about the time spent by private investors reading companies' annual reports. The annual report provides small investors with their one and only opportunity, during the year, of understanding what their company does.

Businesses will pay more, not less

From Mr Howard Knight. Sir, Your report, "Businesses win concessions on rate plus than from Ridley" (April 23), implies that all businesses will be pleased with Mr Ridley's decision to phase in any increases of the uniform business rates arising from revaluation.

Evidence is that 'mini' annual accounts do not actually save money

From Mr Hugh Williamson. Sir, In all the years since the next Companies Act, all companies will be allowed to produce shortened annual accounts. Your article is completely correct (April 7) that this may hinder wider share ownership, rather than help it.

Scania advertisement featuring a large image of a truck, text describing investment benefits, and contact information for Scania (Great Britain) Limited.

I understand that the TSB is endeavouring only to send out very limited reports - a move which should be strongly resisted.

As a researcher in a trade union research centre, I regularly work with trade unionists who are either puzzled at the lack of information available on the

Companies have a responsibility to their employees, as well as to their shareholders, to disclose full, accurate information. If they do not, rhetoric about employer-employee "partnerships" sounds a little hollow - unless, of course, companies have something to hide.

Hugh Williamson, Centre for Alternative Industrial and Technological Systems, Polytechnic of North London, Holloway Road, N7

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Michael DiCerbo. "Infernus." acrylic on canvas, 1984. From the Refco Collection.

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INTERNATIONAL COMPANIES AND FINANCE

Barilla group reaffirms interest in Sme purchase

BY JOHN WYLES IN ROME

THE CONSORTIUM formed three years ago and led by the Barilla food manufacturing interests is "more interested than ever" in purchasing the state-owned Sme food company now that Mr Carlo De Benedetti, the Italian entrepreneur, has effectively withdrawn from the battle.

In a series of interviews over the last few days, Mr Pietro Barilla has called on the new Italian Government and Iri, the holding company which controls Sme, to accept the wisdom of privatisation.

Arguing that foreign penetration of domestic food manufacturing is reaching dangerous levels following Mr De Benedetti's sale of the Britanni foods group to Nestlé of Switzerland, Mr Barilla warns: "Either we aim straight away at strengthening the national industry or else it will be too late."

His consortium was formed three years ago with Fininvest, controlled by Mr Silvio Berlusconi, the television entrepreneur, and the so-called "white co-operative", as a rival bidder for Sme against Mr De Benedetti.

Last week, the Italian appeal court upheld lower court judgments that Mr De Benedetti did not have a legal contract to buy Sme from Iri and that the government of the day did not act illegally in blocking the purchase.

Mr Barilla told the Il Sole 24 Ore newspaper that the concentration in the Italian food industry was 10 years behind foreign competition and was still excessively fragmented. Acquiring Sme was "a formidable opportunity for quick growth" as there

were notable synergies with his own group, which specialises in pasta and bakery products.

Iri is unlikely to make any declaration of principle on privatising Sme without a reaffirmation from the new Government of the policy decision made three years ago that food was not a strategic interest requiring public ownership.

Privatisation in Italy has never won as many political converts as in France or the UK and it is not yet clear whether it will have much of a place in the Government's industrial policy.

The present management of Sme has appeared anxious to remain within the public sector and has floated its desire to takeover the Standa retail and distribution chain owned by the Mondadori group.

Trelleborg buys Allis Chalmers subsidiary

By Sara Webb in Stockholm

TRELLEBORG, the Swedish industrial group with interests in rubber, plastics, mining and chemicals, has agreed to acquire Stephens-Adamson, a machine-producing unit of Allis Chalmers, the US manufacturing group, for SKr100m (\$17.1m).

Stephens-Adamson makes equipment for the bulk transport of goods such as coal, minerals, foods, paper and chemicals as well as unloading systems for ships.

It has production plants in Canada (Belville, Ontario) and the US (Clarksville, Mississippi) and claims to be one of the largest companies in this sector in North America with annual sales of about US\$40m.

Trelleborg said the company was profitable.

Baldwin, the Swedish mining, metals and chemicals group which was taken over by Trelleborg last year, has already acquired several units from Allis Chalmers, which manufactures and sells equipment for mineral dressing and treatment. The acquisitions are aimed at strengthening the group's position in the mining industry both at home and abroad.

London stake in CdF Chimie unit

BY CLAY HARRIS

BRITISH INVESTMENT institutions hold about 7 per cent of Norsolor, the petrochemical and specialty chemical subsidiary of the French state-owned CdF Chimie group, after a FFr583m (\$94m) private placing of shares.

The share issue sets the stage for a Norsolor listing in Paris, which CdF Chimie has promised to seek within 18 months. It is believed to be the first time a French state group has taken this dual approach to privatisation.

Under the placing, led by Banque Demaschy, private investors were issued shares equal to 25 per cent of Norsolor's enlarged capital. Of these shares, a total of 25 to 30 per cent was placed with

separate investment syndicates led by Charterhouse and Hambros, the UK merchant banks.

Norsolor, created by a reorganisation in January, owns three French petrochemical plants producing polyethylene and polystyrene. It also accounts for 35 per cent of the European market in acrylates, an intermediate chemical used in products from nail polish to textiles.

The Norsolor share issue is the latest example of CdF Chimie's strategy of introducing co-operation with the private sector at the operating level even though - like its parent Charbonnages de France - its ultimate destiny under the French privatisation

programme has not yet been decided.

For example, CdF Chimie has concentrated its inks interests in Coates Brothers, the UK quoted company in which it has a 40 per cent stake after injecting its Loribaux International industrial inks subsidiary.

CdF Chimie also owns 70 per cent of the Paris-listed Grande Paroisse fertiliser group, the minority being held by L'Air Liquide. Only Cofidép, the paints subsidiary, is still fully owned by CdF Chimie.

The Norsolor shares were issued at FFr140, only 3.7 times prospective 1988 earnings, a price set shortly after the October

crash. The company is estimating a net profit of FFr1.08bn for this year, against FFr940m in 1987 and a FFr535m loss in 1985.

To protect itself against any accusation of selling the shares cheaply, CdF Chimie insisted on being granted warrants to subscribe up to 4m additional shares at FFr100. Full exercise of the warrants, which depends on Norsolor's net worth doubling by 1990, would return the state group's holding to more than 80 per cent.

However, all shareholders - CdF Chimie and the new private investors alike - have promised to sell up to 40 per cent of their holdings on flotation.

Car exports help boost Amer income

BY OLLI VIRTANEN IN HELSINKI

AMER GROUP, the Finnish consumer goods manufacturing and marketing company, has reported higher sales and profits for the six months ended February 1987.

Sales rose by 57 per cent to FM2.5bn (\$825m), or by 23 per cent excluding acquisitions.

Profit before extraordinary items and tax was 23 per cent higher at FM165m.

The six-month figures constitute Amer's financial year following the decision to change the accounting reference date to February from August.

Sales for the 12-month period ended February 1987 grew by 42

per cent to FM4.5bn while profits increased by 14 per cent to FM238m.

Car exports accounted for 51 per cent of group sales. The tobacco division, which mainly operates under licence from Philip Morris of the US, increased sales to FM223m.

S African bank doubles net earnings to R3.76m

BY JIM JONES IN JOHANNESBURG

CORPORATE BANK Group (Corbank), the former South African associate of Hill Samuel, more than doubled its disclosed net profit in the year to March and has substantially increased total assets.

Hill Samuel quietly sold its residual 13.2 per cent interest in Corbank to local management last month for an undisclosed amount. The disclosed after-tax profit increased to R3.76m (\$1.75m) from R1.53m and total assets rose to R498m from R298m.

Mr Laurie Korsten, managing director, said corporate demand for loan finance increased sharply in the final quarter. This was partly due to improved economic activity which persuaded business to rebuild inventories.

At present, Corbank only discloses profits after tax and after transfers to inner reserves. Mr Korsten said it was planning to disclose more although this would follow the establishment of adequate reserves. He added that transfers to hidden reserves exceeded the disclosed taxed profit in the past year whereas there was no creation of inner reserves under Hill Samuel's management.

The dividend has been raised to 10 cents from 7 cents.

Power Technologies, the South African electrical products and equipment group which is part of the Altron group, increased pre-tax profits from R3.5m to R4.5m for the year ended February 1988. This was in spite of a slight dip in turnover.

The dividend is being increased from 3.5 cents a share to 4.6 cents.

BASF to hold dividend

BY ANDREW FRISWELL IN FRANKFURT

BASF, THE big West German chemical group, reported a rise in net profits last year and a maintained DMEID dividend, although the pre-tax figure was lower as a result of problems in the oil, fertilizer and magnetic tape sectors.

Group net profits rose to DM1.05bn (\$628.7m) from DM910m in 1986, with an increase to DM520m, against DM710m, for the parent company.

The rise at the net level mainly reflects a lower tax burden resulting from reduced oil output. This stems from a further cut in oil prices last year, which affected BASF's Wintershall energy subsidiary.

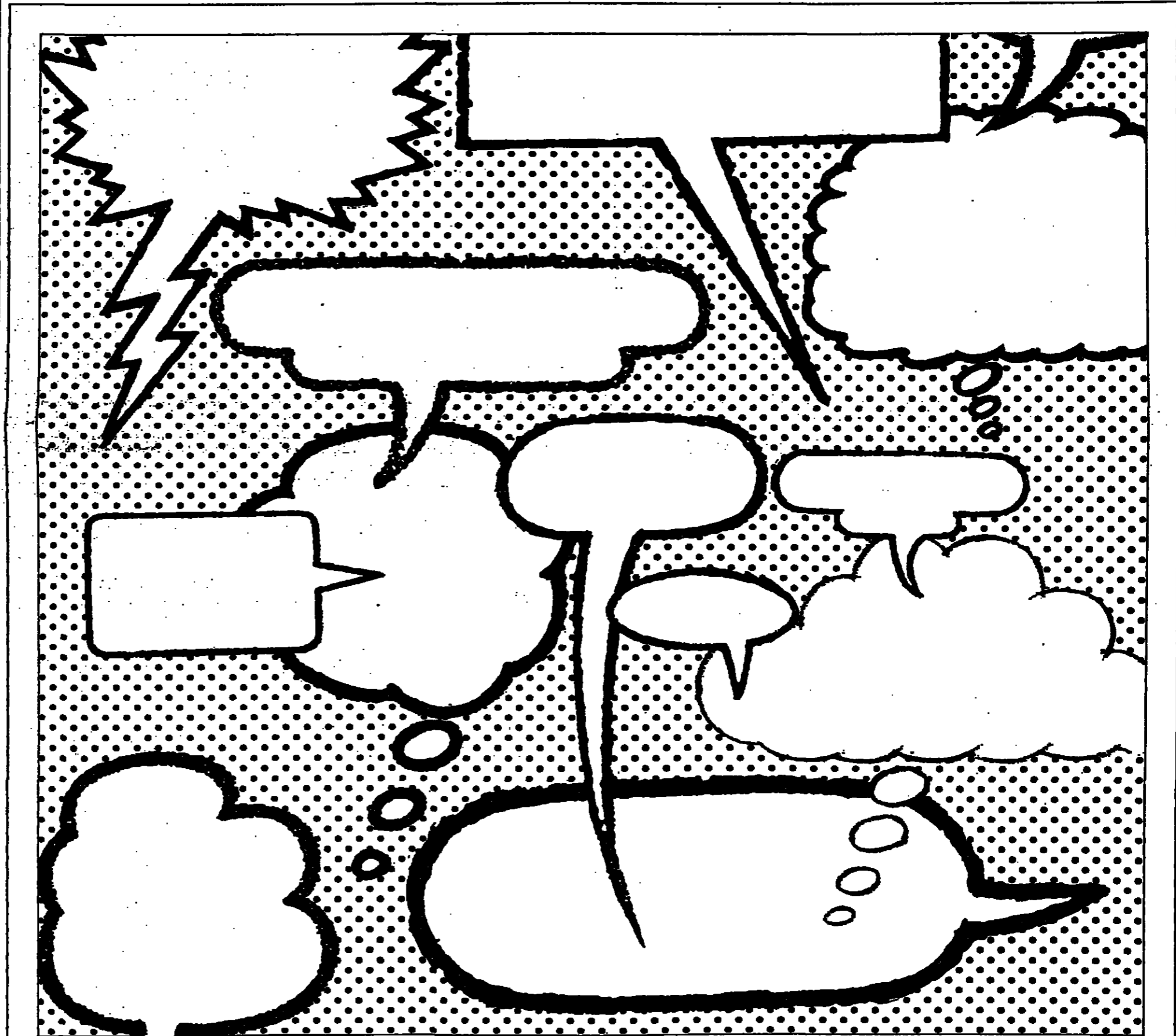
The group said earlier this month that 1988 had begun better than expected, continuing the improvement of last year's second half. At the time it said the group pre-tax profit in 1987 was 1.5 per cent lower, at DM2.59bn.

Profits soar at Radex-Heraklith

BY JUDY DEMPSEY IN VIENNA

RADEX-HERAKLITH, the Austrian insulation, refractories and engineering group which went public last October, will pay a 10 per cent dividend and a 2 per cent bonus to shareholders.

Declared profits increased by Sch6m to Sch44.6m (\$3.5m) in 1987 while the company achieved a turnover of Sch6m, the same as for 1986. Operating profits rose



Tomorrow, everyone can come and have their say at Infoworld

Visit this year's Infoworld exhibition, and people will talk. After all, it's not often professionals from both sides of the financial information industry have a chance to meet and exchange views on this scale. But, tomorrow and Thursday, you can do just that. Some of the most powerful figures in the London markets will be there, as well as many Reuter staff. You can also review some of the industry's most impressive information technology products, and try them out for yourself. (A major talking point could be the demonstration of the latest development in trading room systems.)

We have laid on some very informative seminars, as well as refreshments. As the exhibition is located in the City, open from 8am until 8pm, you will find it both convenient, and enjoyable. If you would like to attend, just phone Alex Patchett-Joyce on 01-250 1122.

INFOWORLD WHERE THE INFORMED MEET

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In accordance with the provisions of the Notes, notice is hereby given that for the interest period from 26th April, 1988 to 26th October, 1988 the Rate of Interest on the Notes will be 7 7/8% per annum. The interest payable on the relevant interest Payment Date, 26th October, 1988 will be U.S. \$9,372.40 per U.S. \$250,000 Note.

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April 26, 1988, London
By: Citibank, N.A. (CISB Dept.), Agent Bank

CITIBANK

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Activity subdued ahead of US GNP figures

BY DOMINIQUE JACKSON

NEW ISSUANCE of Eurobonds slowed markedly yesterday as the market paused for breath following last week's torrent of new issues and ahead of the US first-quarter preliminary gross national product (GNP) figures due today.

INTERNATIONAL BONDS

Syndicate managers have been advising borrowers in the sector to wait until next week's total \$750m of issues is completed.

Chemical in switch from Zurich to Geneva

By William Dullforce in Geneva

CHEMICAL BANK, the fourth largest US banking group, said yesterday it was transferring its foreign exchange and money market activities currently carried out at its Zurich branch to Chemical New York Capital Market Corporation, its securities company, in Geneva.

Richard Gourlay on the Philippines' faltering debt-for-equity scheme Manila frustrates potential investors

SINCE THE Philippines embarked on its foreign debt conversion programme 20 months ago, only \$381m of its \$280m debt burden has been converted into equity investment.



Mr Jose Fernandez (right), the governor of the Philippines Central Bank, says that debt-for-equity swaps are only the icing on the cake for investors. However, foreign bankers say that some companies have either postponed investment or invested in other countries.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns for Country, Issue, Date, Yield, and Price. Includes sections for US \$, DM, SFR, and Yen.

Record year for Sydney Futures Exchange

BY CHRIS SHERWELL IN SYDNEY

THE SYDNEY Futures Exchange, the fourth largest futures market outside the US, expects to start trading a new three-year Australian Treasury bond contract on May 17, with options starting a month later.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange against four key currencies on Monday April 25 1988.

Table with columns for Country, £ STG, US \$, D-MARK, Yen 1000, and Country, £ STG, US \$, D-MARK, Yen 1000. Lists exchange rates for various countries.

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TRADE INDEMNITY CREDIT RISK MANAGEMENT SERVICES 01-739-9939

UK COMPANY NEWS

Farnell up 10% but takes equity losses below line

BY VANESSA HOULDER

Farnell Electronics, manufacturer and distributor of electric and electronic equipment, said yesterday that its 1987-88 accounts would be qualified following a decision to describe a £1.47m provision for losses on equities as an extraordinary item.

Mr Henry Elstone, finance director, said the company viewed the equity losses as an isolated occurrence, although its auditors, in line with the sixth Statement of Standard Accounting Practice, regarded such provisions as exceptional items.

Farnell yesterday unveiled a 10 per cent increase in pre-tax profits to £25.7m (£23.4m) for the year to 31 January 1988, on turnover which rose by 20 per cent to £118.2m (£98.1m).

S. Lyles rises 58% to £0.42m at halfway

S. Lyles, carpet yarn spinner and dyer, returned pre-tax profits of £400,000 for the half year ended December 31. That was an improvement of 58 per cent over last year's £256,000 and just £129,000 short of the figures of the previous full year.

Dominion Intl bids £16m for balance of FFL shares

BY FIONA THOMPSON

Dominion International Group has made a £16.2m recommended offer for the 71.8 per cent of FFL Holdings it does not already own.

For a company that has earned itself a worthy, if slightly dull, reputation through 23 years of profits growth, it seems a touch perverse to court opprobrium and qualified accounts through the unconventional treatment of equity losses.

City gets a taste for fish and chips

CITY investors, it seems, have acquired a taste for fish and chips. Yesterday, Merryweathers - a privately-owned company backed by Schroeder Ventures, three Robert Fleming investment trusts and the Lloyds Pension Fund - announced the acquisition of a 15-strong chain of fish and chip restaurants and take-away outlets from Associated Fisheries for £7m.

City gets a taste for fish and chips

BY NIKKI TAYLOR

THE SALE of RTZ's oil and gas interests to Elf Aquitaine of France for £208m yesterday has finally cleared up the mystery of the British mining company's intentions toward the oil sector, but has created a new puzzle.

Steven Butler and Kenneth Gooding on RTZ's oil disposal to Elf Making ripples in the North Sea

do just that through a series of sales to institutional investors. However, should a bid for Lasso succeed, and be declared unconditional, RTZ would be free to accept the offer for its entire stake. This means that Lasso is clearly in play, attractive as much for its own assets as for its stake in Enterprise. The Government still retains a special, or golden, share in Enterprise that would prevent a takeover, although this is set to expire at the end of the year.

Steven Butler and Kenneth Gooding on RTZ's oil disposal to Elf Making ripples in the North Sea

BY NIKKI TAYLOR

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Chief executive line-up - Derek Birkin (left) of RTZ, Chris Greentree of Lasso and Graham Bousquet of Enterprise Oil.

do just that through a series of sales to institutional investors. However, should a bid for Lasso succeed, and be declared unconditional, RTZ would be free to accept the offer for its entire stake. This means that Lasso is clearly in play, attractive as much for its own assets as for its stake in Enterprise.

For RTZ, the disposal is the result of a fundamental review of strategy and management structure that began three years ago when Mr Derek Birkin took over as chief executive. He said again yesterday that he wanted RTZ to be seen as a natural resource and related industrial group capable of growing and creating the business sectors which it knows best.

But Mr Birkin believes it is just as important for a company to invest itself in under-performing assets. The sale recently of Castle Cement for £230m was in line with the policy of disposing of assets that are either not core to the business, or are over-valued, or cannot provide added value.

Advertisement for Peachey Property Corporation plc. Features a logo, the text '£75,000,000 MULTI-OPTION FACILITY', and lists various banks as underwriters and tender panel members, including Barclays Bank PLC, National Westminster Bank Group, and others.

Advertisement for RKF Group. Headline: 'Organic growth pushes RKF up 69% to £858,000'. Text describes the company's acquisition of USM and its performance in 1987.

Advertisement for How's cautious forecast. Headline: 'How's cautious forecast beaten with £4.45m'. Includes a table of dividends announced for various companies like Allied London, Davles & Newman, etc.

Advertisement for HFC Bank. Headline: 'HFC BANK £100,000,000 Certificate of Deposit Programme'. Lists various banks as dealers and the issuing agent, Samuel Montagu & Co. Limited.

Handwritten Arabic text at the bottom of the page.

UK COMPANY NEWS

Near 50% accept Beazer offer

BY PHILIP COGGAN

Beazer, the UK housebuilding and construction group, has received valid tenders in respect of 49.5 per cent of the ordinary shares of Koppers, the US aggregate group, for which it has launched a \$1.7bn bid.

While it waits for some verdict in the courts, Beazer has been forced to keep extending its bid and it did so again yesterday. The tender offer will now be open until April 29.

Guinness sells two US companies for £7m

BY LISA WOOD

Guinness, drinks group, has sold two peripheral businesses in the US for a total of £7m (£7.4m).

Guinness said the disposals were a continuing part of its strategy to concentrate on its core businesses of spirits and brewing.

Prestwick back to profit

The expected return to profits at Prestwick Holdings in the six months to January 31 came through at £509,000 compared with a £522,000 loss in the same period of 1986-87.

Wace purchases total £1.55m

Wace Group has acquired Valley Litho Studios, Proflex and Quadrascan for an initial consideration of £1.55m satisfied through the issue of 651,075 new ordinary shares.

Saatchi in US purchase

BY CLAY HARRIS

Saatchi & Saatchi, the advertising and business services company, is to pay up to \$10.3m (£5.5m) for National Research Group, the leading market research organisation for the US film industry.

Adjusted pre-tax profits of \$800,000. After an initial consideration of \$3.3m, additional payments of up to \$68m are linked to profits.

INSPECTORATE INTERNATIONAL LTD.

Notice to holders of the Warrants of 3 1/2% Guaranteed Bonds due 1993 with Warrants of Inspectorate International Finance N.V.

At the Annual General Meeting of shareholders of Inspectorate International Ltd. to be held on May 10, 1988, the Board of Directors will propose, inter alia, to grant subscription rights to holders of bearer participation certificates outstanding at that date to acquire new bearer shares of SFr. 100 nominal value each on conditions to be determined on or about May 6, 1988.

In connection with this capital increase, the holders of the Warrants of the 3 1/2% Guaranteed Bonds due 1993 of Inspectorate International Finance N.V. with Warrants of Inspectorate International Ltd. should note that:

- a) exercise of the Warrants into bearer participation certificates cum subscription rights can take place up to April 26, 1988
b) the purchase rights of the Warrants will not be exercisable during the period from April 27, 1988 up to and including May 27, 1988
c) the purchase price will be adjusted on May 30, 1988 and published as soon as possible thereafter

April 25, 1988

Inspectorate International Ltd.

Hispano Americano International Limited

U.S. \$ 100,000,000 Primary Capital Guaranteed Floating Rate Notes due 2006 with a substitution guarantee on a subordinated basis of Banco Hispano Americano, S.A.

In accordance with the provisions of the Notice notice is hereby given that for the six months period from April 25, 1988 to October 25, 1988 the Notes will carry an interest rate of 7 1/4% per annum with a coupon amount of U.S. \$ 387.50.

Frankfurt/Main, April 1988
COMMERCIAL BANK
ADVISENSBANK

G.M. Firth acquires steel mill operator for £6m

BY VANESSA HOULDER

G.M. Firth (Holdings), the industrial group, is paying £6m cash to acquire Spartan Holdings, a steel mill operator.

Firth is making an initial payment of £5.5m, financed from existing overdraft facilities, and two further payments of £250,000.

Gold Fields scrip option taken by 36%

Consolidated Gold Fields, mining and building materials group, said that holders of 36 per cent of its shares had chosen the scrip option, rather than cash, for its most recent dividend.

Firth is engaged in steel stockholding, furniture distribution, machinery dealings and trans-

Slight fall at United Friendly

USM-quoted United Friendly Insurance, which underwrites main classes of insurance business excluding marine and motor, saw 1987 pre-tax profits fall slightly from £11.2m to £10.8m.

Lorlin suspended

Shares in Lorlin Electronics, USM-quoted maker of switches and connectors, were suspended at 10.30 yesterday morning at the company's request.

Lorlin would not comment beyond saying it had requested that trading be suspended following an approach which may or may not lead to an offer for the whole of the issued share capital of the company.

Lorlin reported pre-tax profits up 20 per cent to £815,000 for the first half of 1987.

Capital Radio makes first move into independent television

BY PATRICK DANIEL

Capital Radio, Britain's largest commercial radio station, yesterday announced its first major move into independent television production with the formation of MAC TV in partnership with Mansfield Television Holdings.

Mansfield is owned by Mr Mike Mansfield, an independent television producer noted for his pop music programmes. It has £2m worth of investments in television and leisure interests in the UK.

The company will start with capital of £250,000, with equal contributions from the two partners, but will consider funding of up to £500,000 for development of programmes.

Mr Nigel Walsley, managing director of Capital and chairman of MAC TV, said: "We feel that the timing of this project is right. In launching this venture, we obviously have an eye to the opportunities which will arise as the independent television production sector in the UK expands."

He added that Capital had worked with Mr Mansfield on the filming of some of its rock concerts for television, which established the basis for the new venture.

In the last year, they jointly produced three television specials, including the first concert of Soviet rock and roll bands staged in the UK. Mr Mansfield, managing director of the new company, said an important feature of its plans was to develop ideas to production without waiting for commissions or advance sales.

Noting that many proposals by independents fail at the first fence because of lack of funding, he said: "By being able to develop and deliver fully-produced pilots, we can give potential markets a much better idea of what they will be buying."

Once projects have been sold on this basis, MAC TV will then consider whether to go into full-scale production on its own account or in partnership with others. It may also license productions to other independent producers.

Capital's shares rose 2p to close at 21 1/2p yesterday.

Property side helps Feedex to £3.16m

A SUBSTANTIAL lift on the property side enabled Feedex Agricultural Industries to produce a group pre-tax profit of £3.16m for 1987, against £2.66m previously.

The profit was an improvement on the forecast made last October, when Feedex merged with the much larger private concern, Osborne & Son (London). The directors said the enlarged group

was already benefiting from the merger. The final dividend is the promised 1p on the enlarged capital, making a maintained rate of 1.5p. Merger accounting policies have been applied to 1987 and the comparison. The directors pointed out that profits from property development were irregular. Group turnover came to £143.86m (£137.5m), gross profit to £8.52m (£7.84m), and operating surplus to £2.98m (£2.9m). Interest charges were reduced to £54,000 (£467,000). Property accounted for £1.58m (£325,000) of profit before loan interest, while the agricultural division suffered a decline from £2.72m to £1.57m, in engineering the loss was cut to £83,000 (£155,000).



POINTS FROM THE STATEMENT BY THE CHAIRMAN, H.U.A. LAMBERT

RESULTS

The Group's profit for 1987 was £171.5m before tax, the second best figure in our history, but it was much lower than we had hoped given the underlying progress in our business. We would comfortably have improved upon last year's record had it not been for exceptional weather claims in the United Kingdom and exchange rate movements which cost nearly £23m.

THE STORM

The storm of 15th/16th October surpassed in its ferocity any gale in the two-and-three-quarter centuries since the Sun Insurance Office was established in 1710. Contingency plans were put into operation to deal with the emergency. In all we have handled about 200,000 claims and no praise could be too high for all our staff involved. But at £128m the cost has been heavy and it is not surprising that we have shown a large underwriting loss at home.

THE CRASH

The turbulence of the autumn of 1987 demonstrated the comfort to be derived by policyholders and shareholders alike from reliance upon an insurance company whose balance sheet is both strong and liquid. Thanks

to the quality of our investment management our solvency margin was still 85% at the end of the year.

OPERATIONS

Sound underwriting has produced good results in a number of our commercial accounts. The range of our services has now been extended by the provision of health insurance, through Sun Alliance Health First. We have reshaped our Home operations and set up a strong regional organisation

based upon principal offices equipped with all the expertise necessary to offer a complete service to all our customers.

The Marine and Aviation Divisions have again done well and have contributed substantial underwriting profits. Overseas our results have continued on the improving path of 1986. Life and pensions business showed good growth during the year.

The steady development of our business and the overall strength of our Group give us confidence that we shall see sound progress this year.

DIVIDEND

The Directors have resolved to declare a final dividend of 21p per share making 31p per share for 1987 (1986: 23.5p).

MEETING THE CHALLENGES

In the year past, the Group has had to adapt itself to markets in which increasing competition, changes in the relationship between insurers, intermediaries, and clients, and new regulations have made great demands on the professionalism and marketing skills of our staff. They have been equal to the challenge and we look forward with optimism to 1988.

	1987 £m	1986 £m
PREMIUM INCOME		
General insurance	1,990.2	1,994.4
Long-term insurance	764.7	704.5
	2,754.9	2,698.9
PROFIT AND LOSS ACCOUNT		
General insurance underwriting loss	(167.7)	(78.3)
Long-term insurance profits	30.0	27.3
Investment and other income	249.2	231.4
Profit before taxation	171.5	180.4
Taxation	40.9	43.3
Minority interests	9.7	10.5
Profit attributable to shareholders	120.9	126.6
Dividend	61.2	48.4
Profit retained	59.7	80.2
Earnings per share	61.3p	64.2p
Dividend per share	31.0p	23.5p



SUN ALLIANCE INSURANCE GROUP

The Annual General Meeting of Sun Alliance and London Assurance plc will be held at 12.30 pm on 18th May, 1988 at the Head Office, Bartholomew Lane, London EC2N 2AB. The Annual Report and Accounts were posted to shareholders on 22nd April, 1988. If you are not a shareholder and would like a copy please write to the Company Secretary at the above address.

COMMODITIES AND AGRICULTURE

Scepticism hangs over oil output cut talks in Vienna

BY STEVEN BUTLER

THE Organisation of Petroleum Exporting Countries will meet in formal session for the first time this afternoon with a group of non-Opec producers in Vienna to discuss a possible co-ordinated cut in oil output aimed at boosting crude oil prices.

Establishment of a mechanism through which future output levels could be adjusted among countries involved. The meeting comes after sustained oil price weakness following the last full Opec meeting in December, although prices have since recovered in anticipation of today's meeting.

Seven non-Opec producers took the initiative to meet in London early last month, to discuss steps to revive sagging oil revenues. They were later invited to attend today's expanded Opec meeting when the Opec price committee met earlier this month.

Brazil's cut in subsidies puts wheat deal at risk

By Ivo Downey in Rio de Janeiro

CANADIAN WHEAT sales to Brazil were threatened yesterday because of the Brazilian authorities' decision last week to cut consumer subsidies used to hold down the price of bread.

Brazil is committed to buying at least 750,000 tonnes of Canadian wheat this year under a three-year agreement which will expire this year. However, the country could be left with a surplus of 1.5m tonnes.

New Zealand butter issue slippery

NEW ZEALAND'S Prime Minister David Lange was asked at a press conference three years ago if the US would embrace him to try to change New Zealand's anti-clear policies.

Prime Minister David Lange visits Europe this week. Tim Dickson sets the scene

He replied: "Will the United States pull the rug on New Zealand? The answer is no. They might polish the rug a bit harder and hope that I execute a rather unseemly glide across it."

Interpreted as a clear betrayal of New Zealand's interests by the British Government. Seen as an unambiguous sign that the EC is not seriously interested in taking steps to liberalise the world's agricultural trading system in current GATT talks.

The New Zealand butter quota since 1978. New Zealand's share of the UK packet market has actually risen, from 33 per cent to 35 per cent last year, thanks to the sharp fall in UK butter consumption generally.

Appeal to Malaysia on cocoa

BY DAVID BLACKWELL

AN International Cocoa Organisation delegation arrived in Kuala Lumpur yesterday at the start of a mission to persuade Malaysia and Indonesia to join the cocoa agreement.

ICCO council chairman, Mr Peter Baron, spokesman for consumer countries, and Mr Moma Mohammed, spokesman for producing countries. The four will meet the Malaysian cocoa authorities this week before travelling to Indonesia next week.

Malaysia, now the world's fourth-largest cocoa producer, has consistently refused to join the 1986 cocoa agreement which came into force in January last year. The agreement has had little success defending prices.

Wellington acts on apple curbs

BY TIM DICKSON IN BRUSSELS AND DAI HAYWARD IN WELLINGTON

NEW ZEALAND'S Government is understood to have started legal action against the EC after last week's decision in Brussels to impose quotas on its apple exports to Europe.

Wellington has notified GATT under article 23(1), that it believes the EC has impaired the GATT arrangements for seasonal tariffs on imported apples from the Southern Hemisphere.

Europe between April and July. However, Brussels, after a sharp rise in EC stocks and a softening of prices, has fixed a 115,000-tonne limit for the 1988 season, compared with the 135,000 tonnes forecast by New Zealand earlier in the year.

Mr Joe Pope, board chief executive, has talked about Chilean discipline. He says: "They have poured in fruit with immature fruit landing in big quantities. They are trying to beat the system."

Coffee export quotas will be auctioned in effort to reform recording of stocks

BY JOHN BARHAM IN SAO PAULO

THE BRAZILIAN Coffee Institute (IBC) has begun to revamp its coffee-export mechanism. The institute has announced it will gradually extend use of public auctions to distribute quotas among export houses.

Without quotas, companies cannot sell to countries belonging to the International Coffee Organisation. Countries in the organisation usually pay more than those on the free market.

The IBC said the auctions would be introduced gradually, and would replace the present system by September 30. The need for urgent changes became apparent last month when some export houses were found to have inflated figures for their stocks beyond their actual holdings.

Corn trading floor opens after move to new exchange

BY DAVID BLACKWELL

THE Corn Exchange, at Mark Lane in the City of London since 1745, will confer and relocate to new premises at the Baltic Exchange, Sir Greville Spratt, Lord Mayor of London, opened its new trading floor.

Mr Michael Banks, Corn Exchange chairman, said economic pressures and redundancy of the Mark Lane site had forced the move. The exchange had much in common with the Baltic, where London grain futures markets trade.

Mr Bill Englebright, Baltic futures markets director, said the Corn Exchange has been alone in Mark Lane since the former London Commodity Exchange, now called London Futures Market, which trades only a few contracts, was moved in with the London Soybean Meal Futures Market.

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World sugar stocks 'likely to fall again'

BY DAVID BLACKWELL

WORLD SUGAR consumption continued to grow steadily, with special reasons for strong gains in China and the Soviet Union, says Czarnikow's Sugar Review.

China, where prices have been frozen for the past 25 years, has been taking more sugar of the market recently, mainly because per capita consumption is rising faster than output.

In addition to the new national pastime of home-distilling, sales of soft drinks, which also use much sugar, have risen sharply. The report says it will be interesting to see how far Soviet cultural reforms can be relied on to repeat "the very good results of last season's crop."

Table with 4 columns: Commodity, Price, Change, and Unit. Includes items like Aluminium, Copper, Lead, Nickel, Zinc, Tin, and Silver.

WORLD COMMODITIES PRICES

LONDON MARKETS

Table of LONDON MARKETS prices for various commodities like Nickel, Tin, Lead, Zinc, and Copper.

COCCA £/tonne

Table of COCCA prices for various grades and origins.

LONDON METAL EXCHANGE

Table of LONDON METAL EXCHANGE prices for various metals.

POTATOES £/tonne

Table of POTATOES prices for various grades.

SOYABEAN MEAL £/tonne

Table of SOYABEAN MEAL prices for various grades.

SOYABEAN OIL £/tonne

Table of SOYABEAN OIL prices for various grades.

SOYABEAN MEAL 100 tonne

Table of SOYABEAN MEAL 100 tonne prices for various grades.

SOYABEAN OIL 60,000 lbs casks

Table of SOYABEAN OIL 60,000 lbs casks prices for various grades.

SPOT MARKETS

Table of SPOT MARKETS prices for various commodities like Crude oil, Brent Blend, WTI, and various grades of oil.

GRAINS £/tonne

Table of GRAINS prices for various types of grain.

GRAINS £/tonne

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EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, May 88, Jun 88, Jul 88, and Stock prices for various options.

BASE LENDING RATES

Table listing base lending rates for various banks and currencies, including ADRI Bank, Adams & Company, and others.

WORLD BANKING

The Financial Times proposes to publish this survey on 18th May 1988. For a full editorial synopsis and advertisement details, please contact: KAY CRELLIN on 01-349 8900 ext 3230 or write to her at: Bracken House, 10 Cannon Street, London EC4A 3DF.

FT CROSSWORD No.6,615 SET BY VIXEN

Crossword puzzle grid with numbers 1-30 indicating starting positions for clues.

- ACROSS: 1 Tangled cat cast or clipped (8), 5 Cuts leftists following quiet instruction (6), 9 Stayed in custody (8), 10 Bedding for the young (8), 12 A restorer dealing with a large item of furniture (9), 13 Red colouring used in the kitchen - natural of course (5), 14 An animal of one pound or over (4), 15 Having to state one's date of birth is quite usual (7), 19 Painters in dreadful straits (7), 21 A few words added by egghead in church (4), 24 He'll soon set the pitch to rights (5), 25 Not as can be by the river - that's where the hills are (4-6), 27 An instrument one has to fix to place (6), 28 Left some legal document lying around (8), 29 When the outlook is dark things must change (6), 30 They sounded deep (8). DOWN: 1 Radiant bishop in support (6), 2 Articles about transport of French wear (6), 3 The class found over-bearing (6), 4 Trusted leader with cause for duplicity (7), 6 Those laying about a rowing crew will get advances (9).

Word search puzzle titled 'SOLVER LINKING' with a grid of letters and a list of words to find.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts, their managers, and performance metrics. Includes columns for Name, Manager, and other details.

Handwritten signature or mark at the bottom of the page.

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service listing various funds, their managers, and performance metrics.

Table of London Share Service listing British Funds, Foreign Bonds & Rails, and American stocks.

BRITISH FUNDS

BRITISH FUNDS - Contd

FOREIGN BONDS & RAILS

Table of British Funds - "Starts" (Lives up to Five Years)

Table of British Funds - "Starts" (Lives up to Five Years) - Contd

Table of Foreign Bonds & Rails - AMERICANS

Five to Fifteen Years

Table of British Funds - Five to Fifteen Years

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Table of British Funds - INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

Table of British Funds - CORPORATION LOANS

Over Fifteen Years

Table of British Funds - Over Fifteen Years

COMMONWEALTH & AFRICAN LOANS

Table of British Funds - COMMONWEALTH & AFRICAN LOANS

LOANS

Table of British Funds - LOANS

Money Market Trust Funds

Table of British Funds - Money Market Trust Funds

Money Market Bank Accounts

Table of British Funds - Money Market Bank Accounts

Money Market

Table of British Funds - Money Market

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Money Market Trust Funds and Money Market Bank Accounts - continued text and notes.

LONDON SHARE SERVICE

AMERICANS - Contd. Table with columns for company name, share price, and other financial data.

CANADIANS Table with columns for company name, share price, and other financial data.

BANKS, HP & LEASING Table with columns for company name, share price, and other financial data.

BEERS, WINES & SPIRITS Table with columns for company name, share price, and other financial data.

BUILDING, TIMBER, ROADS Table with columns for company name, share price, and other financial data.

BUILDING, TIMBER, ROADS - Contd. Table with columns for company name, share price, and other financial data.

CHEMICALS, PLASTICS Table with columns for company name, share price, and other financial data.

DRAPERY AND STORES Table with columns for company name, share price, and other financial data.

DRAPERY AND STORES - Contd. Table with columns for company name, share price, and other financial data.

ELECTRICALS Table with columns for company name, share price, and other financial data.

Table with columns for company name, share price, and other financial data.

ENGINEERING Table with columns for company name, share price, and other financial data.

ENGINEERING - Contd. Table with columns for company name, share price, and other financial data.

FOOD, GROCERIES, ETC Table with columns for company name, share price, and other financial data.

HOTELS AND CATERERS Table with columns for company name, share price, and other financial data.

INDUSTRIALS (Miscel.) - Contd. Table with columns for company name, share price, and other financial data.

INDUSTRIALS (Miscel.) - Contd. Table with columns for company name, share price, and other financial data.

INSURANCES Table with columns for company name, share price, and other financial data.

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LONDON SHARE SERVICE

بازار سهام لندن

INSURANCES - Contd. Table listing insurance companies and their share prices.

LEISURE Table listing leisure-related companies and their share prices.

MOTORS, AIRCRAFT TRADES Table listing motor and aircraft trade companies.

Commercial Vehicles Table listing commercial vehicle companies.

Components Table listing component companies.

Garages and Distributors Table listing garage and distributor companies.

NEWSPAPERS, PUBLISHERS Table listing newspaper and publisher companies.

PAPER, PRINTING, ADVERTISING Table listing paper, printing, and advertising companies.

SHIPPING Table listing shipping companies.

SHOES AND LEATHER Table listing shoes and leather companies.

SOUTH AFRICANS Table listing South African companies.

TEXTILES Table listing textile companies.

PAPER, PRINTING, ADVERTISING - Contd. Table listing paper, printing, and advertising companies.

PROPERTY Table listing property companies.

TOBACCOS Table listing tobacco companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land companies.

Investment Trusts Table listing investment trusts.

Finance, Bank, etc. Table listing finance, bank, and other companies.

Oil and Gas Table listing oil and gas companies.

Mines Table listing mining companies.

Overseas Traders Table listing overseas traders.

Plantations Table listing plantation companies.

Mines Table listing mining companies.

Central Road Table listing central road companies.

Eastern Road Table listing eastern road companies.

Far West Road Table listing far west road companies.

Diamond and Platinum Table listing diamond and platinum companies.

Central African Table listing central African companies.

Finance Table listing finance companies.

Oil and Gas Table listing oil and gas companies.

Australians Table listing Australian companies.

TEXTILES - Contd. Table listing textile companies.

TRUSTS, FINANCE, LAND - Contd. Table listing trusts, finance, and land companies.

TOBACCOS Table listing tobacco companies.

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Investment Trusts Table listing investment trusts.

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Notes and additional information regarding the share service.

LONDON STOCK EXCHANGE

Gilt-edged suffer fresh losses while equity sector steadies in sluggish turnover

Account Dealing Dates... A TESTING WEEK for the UK securities markets made a somewhat hesitant start yesterday. The big institutions remained unwilling to commit themselves ahead of publication today of the Confederation of British Industry's survey of business opinion, and on Friday, of the UK Trade Figures for March. Government bonds suffered further losses of 1/2 a point or so, as sterling softened and the City digested comments on an exchange rate policy made by Mr Nigel Lawson, the UK Chancellor of the Exchequer, who again underlined his opposition to a further rise in the pound. In a thinly-traded equity market, it was left to the day's crop of special, and often speculative, situations to provide the features. Some City analysts sounded hopeful for an improvement in Britain's trade figures during March, but there were pessimists as well. The spread of forecasts is unusually wide, ranging from suggestions of a narrowed monthly deficit on current account of \$200m to a substantially widened one of \$900m. Equities opened the first session of the new Account firmly, with weakness in the pound on Far Eastern markets overnight. It was soon clear that there was little genuine buying support, and attention switched to the speculative field, encouraged by RTZ's sale of its energy interests to Elf Aquitaine of France. The broad range of the market shaded lower until London picked up the hint of a firm opening on Wall Street, when the international stocks began to move up. At the close, the FT-SE 100 Index fell 6 points higher at 1775.6. The Session volume total of 315.8m at 6.00pm indicated the underlying sluggishness which contrasted sharply with renewed speculative activity in Rowntree Mackintosh. Today's quarterly survey from the CBI will disclose significant evidence of industry trends and will be closely scanned in the Gilt-edged market. Uncertainty over the outlook for the pound and for domestic inflation showed themselves in the Gilt futures markets on Friday, and there was some follow-through in the cash market yesterday. The market responded cautiously both to the Chancellor's comments on sterling policy and to the report from London's Scottish Marine (LASMO) is now "more likely", said Mr Michael Villeneuve, analyst at Morgan

which expressed some doubts on inflation trends. Government bonds were half a point off at mid-session and then failed to sustain a rally prompted by some cheap buying. UK holders are wary that any continued softness in sterling might bring foreign sellers of Gilts. Yields on near dated Gilts moved above 9 per cent once more and the market closed at the day's lows. Traders commented that London was now concentrating on domestic factors, and had ignored the steadiness of US bonds in early trading in New York. British Aerospace gained 14 to 408p as the UK Government's announcement of a \$5bn programme for a new fighter aircraft, "removed a major negative over the shares" according to Mr James Newman, industry analyst at Chase Manhattan. Rolls-Royce, also expected to benefit from the new fighter programme to replace the Tornado and Jaguar aircraft, closed 6 up at 115p, helped additionally by news of a 22 engine contract with Air Europe. Turnover in both Aerospace (3.1m shares) and Rolls-Royce (6.6m) stood out against the sluggishness elsewhere. This major defence project will have repercussions throughout the UK aerospace industry with such firms as GEC, Ferranti, Dowty and Smiths Industries likely to benefit when the plan reaches the sub-contracting stage. Rowntree Mackintosh, the leading UK confectionery manufacturer, were marked sharply higher to 730p at the outset following weekend Press reports that at least two potential bidders were queuing to acquire the company. A figure of £10 per share was mentioned, possible bidders include the likes of Nestle, the Swiss food giant, and the UK's United Biscuits. Mid-afternoon, business in Rowntree expanded sharply as an aggressive buyer, operating through the broker, began to buy shares at prices between 730p and 750p. Marketmakers, because of the buyers' tactics, were unable to pin a name on the purchaser. Rowntree closed some 38 pence higher on the day at 750p following turnover of 4.4m shares. RTZ fell 4 to 87p after sellings its energy interests to Elf Aquitaine of France for £308m - rated by the analysts as a "good deal", which lowers RTZ's gearing significantly. A sale of the group's Breweries and Distilleries in London's "Scottish Marine (LASMO) is now more likely", said Mr Michael Villeneuve, analyst at Morgan

FINANCIAL TIMES STOCK INDICES table with columns for Government Sec, Fixed Interest, Ordinary, Gold Mines, and S.E. ACTIVITY.

Opening 1416.0, 10 a.m. 1409.1, 11 a.m. 1407.1, 12 p.m. 1408.6, 1 p.m. 1408.9, 2 p.m. 1408.6, 3 p.m. 1410.8, 4 p.m. 1410.6

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

Grenfell, the UK securities house, close, a share easier on balance at 434p, on turnover of 3m. Microlec, the electronics group, made a successful debut in the Unlisted Securities Market: the shares, placed at 110p, opened at 118p and advanced to 121p. Allied-Lyons suffered as marketmakers lightened their book positions in the absence of fresh Bond Corporation speculation or UK retail demand. The shares closed 6 lower at 389p, after turnover of only 1.7m. Other Breweries majors were unchanged to slightly easier with Guinness 2 off at 296p following the disposal of three US wine businesses operated by the parent company, Guinness & Co. Mark & Spencer, after releasing further details of the takeover of America's Brooks Bros at the end of last week, were a shade off at 180p on turnover of 1.8m. Easterns made good early progress to 265p, which was held until today's preliminary figures will show profits of £22m-plus, against last time's £22.5m, and be

ter than a week high in the light of the continuing strength of the pound. ICI's first-quarter figures are due on Thursday and analysts expect profits of between £240m and £260m against £234m last time. The leading retail issues failed to attract any sustained interest and even Storehouse, one of the market's most active issues over the past couple of weeks as bid speculation has increased, saw turnover contract from double figures levels to only 1.1m yesterday. Storehouse shares drifted back 2 to 279p, after 279p, despite the spate of comment in the weekend Press. Mark & Spencer, after releasing further details of the takeover of America's Brooks Bros at the end of last week, were a shade off at 180p on turnover of 1.8m. Easterns made good early progress to 265p, which was held until today's preliminary figures will show profits of £22m-plus, against last time's £22.5m, and be

NEW HIGHS AND LOWS FOR 1988 table with columns for Option, Dealings, Date, Account, and various stock symbols.

accompanying the acquisition of Ulsterman, the US Jewellery chain, for around \$60m. Market talk suggested the acquisition will be funded by an issue of convertible stock. Turnover in the recently-active electronics leaders was much reduced. Racal, last week's biggest turnover stock, settled unchanged at 238p with 4.2m shares moving through the system; rumours of imminent bids from groups such as Cable & Wireless and GEC continued to do the rounds but failed to arouse any significant demand. Cables held at 317p on volume of 2.3m. GEC (turnover 2.9m) managed a minor gain at 153p with sentiment helped by talk that the company will be a major participant in the new Euro lighter project on which the UK is expected to spend some 55 bn to 27 bn to replace the RAF's Jaguar and Phantom aircraft. Ferranti, also expected to play a big part in the aircraft's manufacture, were a fraction better at 79p. Ferranti's preliminary results, at £25.7m compared with last time's £22.4m, were regarded as disappointing and the shares dipped 8 to 168p. Prestwick's return to profits in the interim period saw the shares race up to 50p before closing a net 5 firmer at 59p. Delta Group moved ahead strongly to close 29 higher 328p. RTZ had been put forward as a possible predator for Delta for some time and yesterday's move in the share price awaiting a visit today from Kleinwort Greaveson researchers while motor distributor H & J Quick rose 5 more to 276p on talk of an acquisition. Jessops gained 7 to 188p. Share stakes were directed attention to Davidson Pearce, the advertising agency. The Ogilvy group has reduced its holding to a token level and Bishopsgate Investment Trust has acquired a 4.8 per cent interest. Davidson Pearce also announced the purchase of Contract Personnel, a Dublin-based field marketing company, and the shares responded by rising 5 to 106p. Yellowhammer, another agency, reached a peak for year of 170p, up 4 after news of a vendor share buyback. Venture, Time Products, Freshbake Foods, Tarmac, CASE and Scottish and Newcastle. No put were reported but double options were arranged in Euro-thermal units, A and M Group and 3 better at 285p, but the strength

of Sterling Publishing was more of a talking point in the USM sector. Light demand made quite an impression, raising the shares to 101p before a close of 10 higher on the day at 98p. Sharply increased first-half profits boosted S. Lyles, the textile manufacturer, 7 to 78p while weaker press comment meant higher values for the likes of S&P, 155p, and Lamont, 280p. Atkins Bros. extended Friday's marked upturn and ended 11 higher at 250p. Argyle Trust resumed their recent prominence among miscellaneous financial trusts. One of the many high-flying casualties of the October collapse - the price touched a pre-crash high of 225p - Argyle jumped another 13 to 109p with markets for the unable to offer British & Commonwealth health hardened to 280p awaiting Thursday's preliminary statement while Guidehouse rose 5 to 65p after newspaper mention. Lonrho were quoted ex script issue at 210p while Ince-cape closed dividend easier at 715p ex the dividend payment. Traded Option business contracted, the total number of contracts falling to 21,977 made up of 14,043 calls and 7,934 puts. The FTSE contract was especially quiet with calls numbering just 522 with puts at 844. Racal calls amounted to 2,832 reflecting possible bid prospects; Racal puts came out at 155. Traditional Options: First dealings Apr 18, Last declarations Apr 29, Last declarations July 14, For Settlement July 25. For rate indications see end of London Share Service. Dealers reported an expansion of business in the Traditional option market yesterday. Stocks favoured for the call included New England Properties, BOM Holdings, R.C.E. Holdings, Singer and Friedlander, M Holdings, A and M Group, Highland Distillers, Regentair, Advent, Capricorn, Venture, Time Products, Freshbake Foods, Tarmac, CASE and Scottish and Newcastle. No put were reported but double options were arranged in Euro-thermal units, A and M Group and 3 better at 285p, but the strength

FT - ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS table with columns for Index No., Day's Change, Est. Earnings Yield, Gross Div. Yield, P/E Ratio, and various industry sectors like CAPTIAL GOODS, CONTRACTING, ELECTRONICS, etc.

FIXED INTEREST

PRICE INDICES table with columns for Index No., Day's Change, and various indices like British Government, Inflation rate, etc.

LONDON TRADED OPTIONS

LONDON TRADED OPTIONS table with columns for Option, Calls, Puts, and various stock symbols like Allied Lyon, B.P., BSA, etc.

TRADING VOLUME IN MAJOR STOCKS

TRADING VOLUME IN MAJOR STOCKS table with columns for Stock, Volume, and various stock symbols like ASDA Group, Allied, Amstar, etc.

RISES AND FALLS YESTERDAY

RISES AND FALLS YESTERDAY table with columns for Rises, Falls, Same, and various stock categories like British Funds, Corporations, etc.

LONDON RECENT ISSUES

LONDON RECENT ISSUES table with columns for Issue No., Date, Price, and various stock symbols like ASDA, Allied, Amstar, etc.

FIXED INTEREST STOCKS

FIXED INTEREST STOCKS table with columns for Issue No., Amount Paid, Date, and various stock symbols like ASDA, Allied, Amstar, etc.

"RIGHTS" OFFERS

"RIGHTS" OFFERS table with columns for Issue No., Amount Paid, Date, and various stock symbols like ASDA, Allied, Amstar, etc.

WORLD STOCK MARKETS

Handwritten Arabic text: "فوزا حلالا لاهل"

Table of stock market data for various countries including Australia, France, Germany, Italy, Japan, and the UK. Columns include stock names, prices, and changes.

Table of stock market data for various countries including Canada, Denmark, Finland, Greece, Hong Kong, India, and the Netherlands. Columns include stock names, prices, and changes.

Table of stock market data for various countries including Norway, Singapore, South Africa, Spain, Sweden, Switzerland, and Taiwan. Columns include stock names, prices, and changes.

Table of stock market data for various countries including Thailand, USA, and West Germany. Columns include stock names, prices, and changes.

CANADA

Table of stock market data for Canada, including Toronto and Montreal closing prices for April 25. Lists various stocks and their prices.

OVER-THE-COUNTER

Table of over-the-counter market closing prices for Nasdaq national market. Lists various stocks and their prices.

INDICES

Table of stock market indices for New York, Canada, and other regions. Shows index values and changes.

Table of stock market data for Africa, Asia, Europe, and the Middle East. Lists various stocks and their prices.

Advertisement for 'Travelling on Business' featuring the Financial Times newspaper. Includes contact information and a 'FREE issues' offer.

NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, High, Low, and Change. Includes sub-sections like 'Continued from Page 44' and 'Sales figures are unofficial...'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices. Columns include Stock, High, Low, and Change. Includes sub-sections like 'OVER-THE-COUNTER Nasdaq national market, closing prices'.

Hilary de Boer looks at the recovery of a key sector on European bourses

Dow posts solid gains after overcoming a dull opening

Wall Street WITH THE help of strong corporate earnings, Wall Street stocks overcame a dull start yesterday to post solid gains in moderate trading, writes Roderick Oram in New York.

calls for which demand and prices remained firm. Among other companies reporting higher earnings, the broadcasting group, slipped 1/4 to \$335. Smith-Kline Beckman, the drugs maker, added 1/4 to \$54. Fairchild Industries, the aerospace group, added 1/4 to \$104 and Kroger, the supermarkets chain, was unchanged at \$134.

Car stock gains fuelled by strong auto sales

RECORD demand for automobiles has driven European car stocks sharply higher since the start of the year, with several issues outperforming their own stock markets. Citroën Hispania, Fasa Renault, Saab, Porsche, Peugeot, Fiat and BMW have all outperformed their respective bourses, while Daimler-Benz, Volvo and VW have each gained ground since the start of 1988.

Volvo is still underperforming the strong Swedish market. Porsche of West Germany has risen 21.4 per cent since January 1, outperforming the FAZ index on the Frankfurt bourse by 8.6 per cent in that period. The stock was boosted by its bid for the rest of ABG that it did not own, and for a larger stake in aerospace company Dornier.

Table with 3 columns: Share name, % change in share price, % change relative to market. Rows include Citroën/Hisp, Fasa/Renault, Saab, Porsche, Peugeot, Volvo, Fiat, BMW, Daimler, VW, Jaguar.

Mr Stephen Reftman, European motor industry analyst at Phillips & Drew, says the dollar at its present weak level, "they have to produce more just to stand still," he says.

High-techs and electricals carry Nikkei to new high

Tokyo STRONG demand for electricals and high-technology stocks took the Nikkei average to a record high in Tokyo yesterday, its first move to a new peak for eight trading sessions, writes Shigeo Nishiwaki of Jiji Press.

Mitsubishi Electric rising Y16 to Y765 on the fourth biggest volume of 25m shares and Hitachi Y20 to Y1,480. In the high-tech sector, Matsushita Electric Industrial added Y30 to Y2,780, NEC Y50 to Y2,230 and Fujitsu Y30 to Y1,560.

Paris recovers after falling on election news

INVESTOR malaise hit most of Europe yesterday, and bourses closed mixed despite the stable dollar and gains in the Tokyo market. French stocks held up reasonably well in spite of the election news and the strong gains last week, writes Our Markets Staff.

London

SPECIAL situations provided the only feature in a London market awaiting UK business and trade data this week. FTSE ended 49 earlier at 3789 after the sale of its oil and gas division to Elf Aquitaine.

Hong Kong

FURTHER speculative buying of Hongkong Land helped push share prices higher, with sentiment aided by earlier gains on Wall Street. The Hang Seng index rose 33.40 to 2,623.75 on turnover worth HK\$1.1bn, against HK\$768m on Friday.

Rabobank Financial Highlights.

Table with 3 columns: as of December 31 (in millions of Dutch guilders), 1987, 1986. Rows include Total assets, Total loans, Total deposits, Own funds, Net income.

FT-ACTUARIES INDICES. Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries. Table with 5 main columns: NATIONAL AND REGIONAL MARKETS, MONDAY APRIL 25 1988, FRIDAY APRIL 22 1988, DOLLAR INDEX.

Base rates Dec 31, 1986 = 100. Finland: Dec 31, 1987 = 115.037 (US \$ Index). 90.791 (Pound Sterling) and 94.94 (Local). Copyright: The Financial Times, Goldman Sachs & Co., Wood Mackenzie & Co. Ltd. 1987.

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